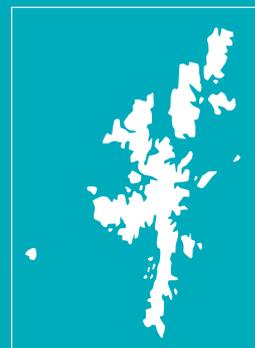


Moray

Skills Assessment
January 2016



Acknowledgement

The Regional Skills Assessment Steering Group would like to thank Ekosgen for their highly professional support in the analysis and collation of the data that forms the basis of this Skills Assessment Update.

Introduction

What is this report?

This is a specific skills summary report for the Moray local authority area, one of a series of 32 local authority reports across Scotland. These follow the preparation of 2015 summary Regional Skills Assessments (RSA) which have been developed by Skills Development Scotland (SDS), in partnership with Highlands and Islands Enterprise (HIE), the Scottish Funding Council (SFC) and the Scottish Local Authorities Economic Development (SLAED) Group.

The preparation of local authority-specific reports are designed to help support local authorities and partners with skills investment planning by providing local authority level data where this exists. The reports also support SDS in planning its provision for individuals and businesses.

This series of local authority reports sits alongside the 2015 RSA update reports which highlight some of the key messages for the regions. The local authority and regional updates are summary reports, underpinned by the full data matrix, available at sds.co.uk/what-we-do/partnerships/regional-skills-assessments/. The data matrix has been redesigned to be more user-friendly, and accompanying guidance on how to use it can be found alongside the full data matrix.

What has changed since 2014?

The economic situation in Scotland has continued to improve in the last year, and the recovery evident at the time of the last RSA is more firmly established, with rising GVA and falling unemployment. Against many indicators, Scotland has returned to pre-recession levels. There continues to be a rise in the participation of women and older workers, and youth unemployment previously apparent has started to fall. Still, under-employment remains an issue and productivity growth in Scotland (and the UK) remains weak and largely consumer-driven.

In policy terms, a new Economic Strategy for Scotland is in place. This puts the 4 'I's – Internationalisation, Investment, Innovation and Inclusive Growth – as central to the strategy. Increasing exports continues to be a key policy objective, and the prominence of Inclusive Growth reflects the desire for a re-balancing form of economic growth. Innovation, including workplace innovation, continues to be highly important. Investment continues to be necessary for firms to be successful. Existing strategies and policies also remain important, including the 2010 Skills Strategy and the 2014 Developing the Young Workforce - Scotland's Youth Employment Strategy.

The 2015 RSA update seeks to reflect some of these policy developments. For the first time the data matrix includes deprivation indicators, and there is greater attention paid to inequality issues such as age, disability and gender indicators. There is also more detail on school-level provision, migration, travel to work/study, claimant counts and employment projections.

Selected headline indicator changes

Moray	Previous year	Most recent year	% change
Economic performance			
Gross Value Added (GVA) (£m)	£1,562 (2012)	£1,623 (2013)	+3.9%
GVA per worker	£34,600 (2012)	£35,500 (2013)	+2.6%
Number of businesses	3,780 (2013)	3,805 (2014)	+0.7%
Profile of the workforce			
Total employment	34,000 (2013)	36,000 (2014)	+5.9%
Professional occupations	6,600 (2013)	6,100 (2014)	-7.6%
People and skills supply			
Total population	94,400 (2013)	94,800 (2014)	+0.4%
ILO unemployed	2,200 (2013/14)	2,500 (2014/15)	+13.6%
16-24 unemployed	235 (2014)	204 (2015)	-13.2%
Deprivation			
Workless households	3,563 (2012)	3,846 (2013)	+7.9%
% of children with free school meals	n/a	33% (2015)	n/a
Education and training			
MA starts	430 (2013/14)	455 (2014/15)	+5.8%
College provision (headcount)*	19,686 (2012/13)	20,225 (2013/14)	+2.7%
Higher Education provision (headcount)*	8,100 (2012/13)	5,878 (2013/14)	-27.4%[†]
Skills mismatches			
% of employers recruited in past 2-3 years	72%* (2014)	(next updated 2016)	n/a
% of employers reporting not all staff fully proficient	21%* (2014)	(next updated 2016)	n/a

*Please note, this data is only available at the regional level, covering Argyll and Bute, Eilean Siar, Highland, Moray, Orkney and Shetland Islands authorities.

[†]Please note that this decrease is a result of the reallocation of UHI's Perth Campus to the Tayside region.

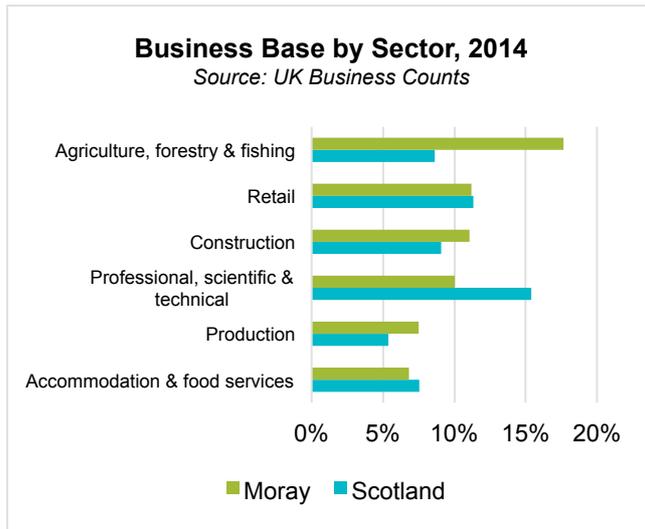
1 Economic performance

Moray continues to generate a small proportion of Scotland's output, 1.4% of the total, in line with the previous year, and a general reflection of its share of the population and business base. GVA is dominated by the production sector, which accounts for almost £1 in every £3 of output from the area (31%), including the important whisky sector in Moray. GVA increased by 3.9% in 2013, above the 2.9% increase in Scotland, following decline the previous year.

Productivity levels in Moray are below the Scottish and UK averages. GVA per worker was £35,500 in 2013, 24% below the Scottish average of £47,000 and 30% below the UK average of £51,000. However, GVA per worker increased by 19% between 2006 and 2013, slightly above the Scotland (18%) and UK (17%) rates of growth.

Most recent (2014) data shows that full time jobs in Moray, at £452 per week, pay well below the Scottish (£519) and UK (£518) averages. This was 3% lower than in 2013, compared to a 2% rise across Scotland. Those *living* in Moray earn less – on average £434 per week for full time work.





There were 3,805 VAT/PAYE registered businesses in 2014, up 0.7% from 2013 to 2014, below the 2.8% Scotland increase. Since 2010, the base has grown slowly, by 2%, below the 5% growth in Scotland and 6% growth in the UK.

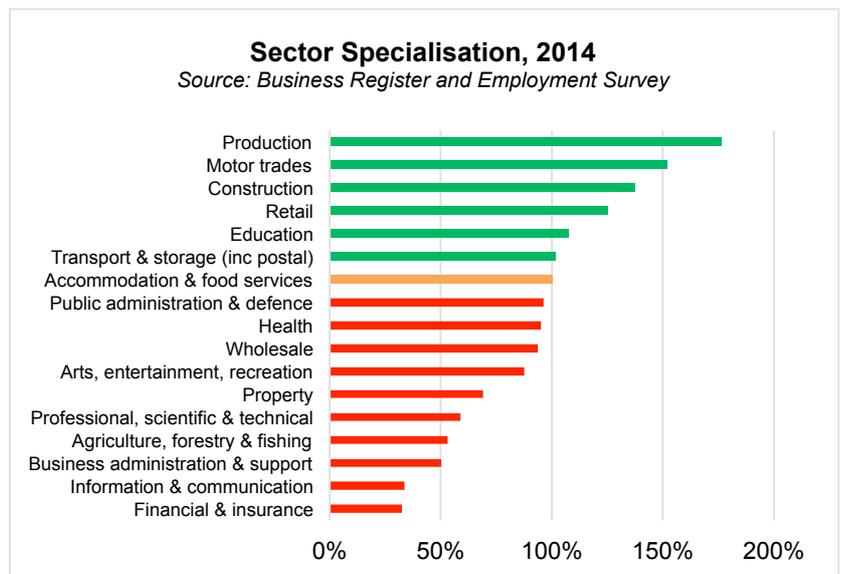
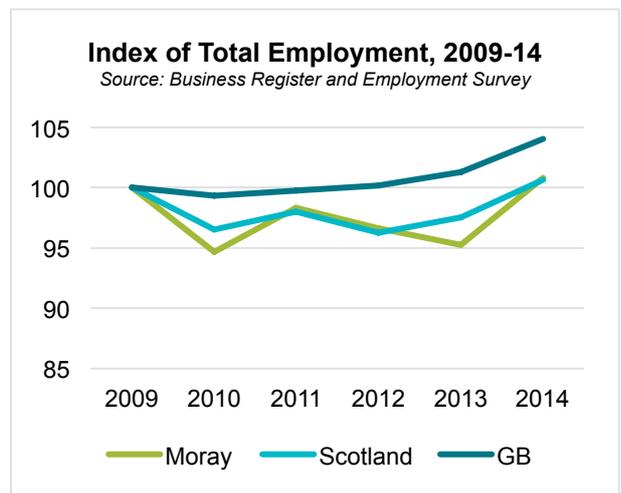
The Moray business base is dominated by the agriculture, forestry and fishing sector, which accounts for 18% of businesses, double the Scotland proportion (9%). Professional, scientific and technical businesses are under-represented in Moray.

2 Profile of the workforce

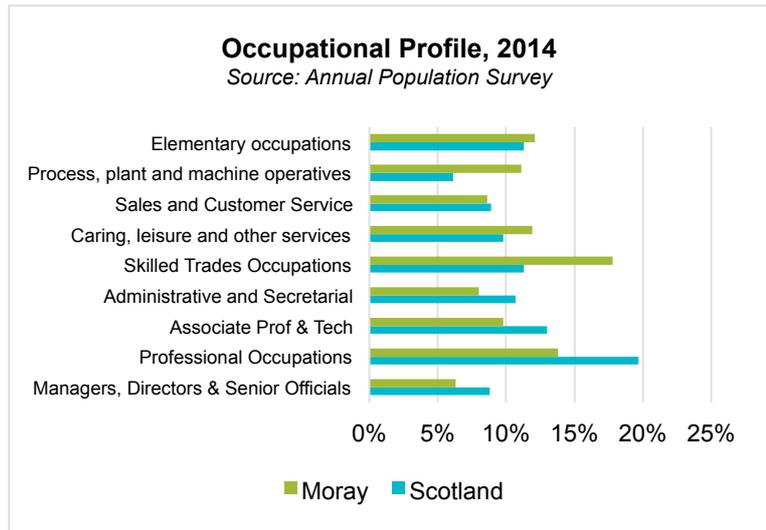
Following a period of employment decline between 2011 and 2013, total employment in Moray grew strongly between 2013 and 2014 to 36,000, faster than the Scottish and Great Britain average increases. The rate of growth between 2013 and 2014 was 5.9%, compared to 3.2% in Scotland and 2.7% in Great Britain. Employment in Moray is now 0.8% higher than it was in 2009, similar to the 0.7% growth across Scotland.

The top employing sector in Moray is production (18%, 6,500), particularly Food and drink. This is well above the Scotland (10%) and Great Britain (9%) proportions. The sector accounts for just 8% of the business base reflecting a small number of large employers.

In addition to production, Moray has a high employment concentration in motor trades (1.5x national average). Retail, construction and education, all large employment sectors in Moray, are also concentrated in the area. Professional, scientific and technical employment, however, is under-represented, as is business admin and support and information and communication which are less than half as concentrated as the national average. Sectoral specialisation exists for those sectors with a value which is above 100%.

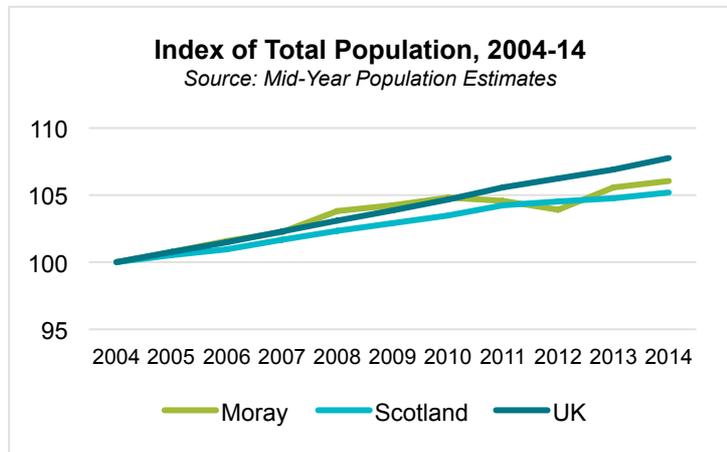


14% (6,100) in Moray are employed in professional occupations, well below the Scotland and UK average of 20%. There are also fewer employed as managers, directors and senior officials, and as associate professionals. In contrast, Moray has a much larger proportion of the workforce employed in skilled trades than across Scotland (18% v 11%) and as operatives (11% v 6%).



3 People and skills supply

The population of Moray has fluctuated in recent years, although overall it continues to rise. The population increased by 0.4% from 2013 to 2014, to an estimated 94,800, in line with growth across Scotland. Moray’s population has grown by 6% from 2004, slightly above the rate of growth in Scotland (5%) but below that of the UK (8%) over the same period.



The employment rate for Moray in 2014/15 was 76%. This is three percentage points above the Scotland and Great Britain rate, although this is down from 78% in 2013/14, and still below the 2007/08 pre-recession employment rate of 78% and 81%.

In 2014/15 there were 2,500 ILO unemployed (those out of work and actively seeking work), up from 2,200 in 2013/14. The ILO rate in 2014/15 rose to 6% in Moray, now in line with the Scotland and UK rates of 6%. In 2015 there were 204 unemployed young people aged 16 to 24, a decrease of 13% since 2014.



The proportion of school leavers entering Higher Education in 2014/15 was 38%, the same as the 2013/14 rate, and in line with the Scotland rate. The percentage entering Further Education (28%) increased from 26%, while the proportion entering employment rose slightly from 26% to 27%.

A much lower proportion of those aged 16-64 years in Moray have high level qualifications (32% at SCQF 7-12), compared to 41% in Scotland. 9% have no qualifications, in line with the 9% in Scotland. Amongst 16-24 year-olds, 17% have Higher-level qualifications (SCQF 6) – well below the 27% in Scotland.

4 Deprivation

13% of Moray households are workless households (2013), compared to 20% in Scotland, and 17% in the UK, 3,846 households in total. Over one third (36%) of households have incomes above £30,000, compared to 31% across Scotland.

In all, 33% of those at school in Moray are entitled to free school meals. This is below the national average of 39%.



5 Education and training provision

There were 5,265 pupils enrolled at secondary school across Moray in 2014, 28% of whom were S5 and S6, broadly in line with the 29% across Scotland.

There were 455 SDS-supported MA starts in 2014/15, an increase on the 430 in 2013/14. 58% of starts were male and the remainder female (42%). There were 430 SDS-supported MA leavers in 2014/15.

2,925 students (headcount) were studying FE at UHI's Moray College in 2013/14. Within the wider Highlands and Islands region in 2013/14, 20,225 students (headcount) were studying across eight UHI Further Education colleges. All of these were studying at FE level. 68% of Highlands and Islands region residents who are at college study in the Highlands and Islands region.¹

1,097 students (headcount) were studying HE at UHI's Moray College in 2013/14. Again, within the wider Highlands and Islands region in 2013/14, 5,878 students (headcount) were studying across UHI's 13 campuses (5,319) and Stirling University's Inverness (481) and Stornoway (78) campuses. There were 2,210 graduates from the region in 2013/14; 2,109 with a first degree (95%) and a further 101 postgraduates (5%).²

6 Skills mismatches³

68% of employers in Highlands and Islands had recruited in the 2-3 years prior to the UKCES survey, and 27% had taken on leavers from Scottish education institutions (similar to the 67% and 26% across Scotland).

Just over a fifth (21%) of employers in Highlands and Islands reported that not all of their staff are fully proficient, just above the average for Scotland of 19% - with skills gaps most likely in elementary staff, sales and customer services, care and leisure and skilled trade occupations.

¹ Please note, this data is only available at the regional level, covering Argyll and Bute, Eilean Siar, Highland, Moray, Orkney and Shetland.

² *ibid.*

³ Please note, data is from 2013 as the UKCES Employer Skills Survey is only undertaken every two years. Further, data is only available at the regional level, covering Argyll and Bute, Eilean Siar, Highland, Moray, Orkney and Shetland local authorities.

7 Looking forward

The population of Moray is forecast to fall very marginally, by 76, over the period from 2014 to 2024. This compares to 5% growth at the UK level, and a 4% rise across Scotland.

The school roll is projected to decrease significantly by 10% to 4,700 by 2018. Across Scotland, the trend is for a 2% fall over the period to 2018.



Based on 2012 figures, national employment figures are projected to rise by 5.3% from 2012 to 2022, with the fastest increases occurring between 2017 and 2020. The greatest levels of growth are expected in information technology (32%) and health and social work (17%). There is projected to be a fall in agriculture employment (-15%), other manufacturing (-12%) and public administration (-11%).

8 Summary

The Moray area has shown strong jobs growth between 2013 and 2014, following a period of decline, although there has been only limited recent growth in the business base. There remain some key sectors in the Moray economy, notably Food and drink, and production is still important in terms of GVA output and employment – still employing 6,500 in the area, twice the concentration nationally.

At the same time, productivity, whilst increasing, remains well below Scotland and UK average, and jobs in Moray still pay considerably less than average. Those living in Moray also earn less than the Scotland and UK averages (and less than the jobs in Moray) suggesting a certain in-commuting to Moray for better paid employment. The agriculture, forestry and fishing business base is still twice as concentrated as it is across Scotland as a whole.

There are some increases in the professional, scientific and technical sector employment, and in professional occupations, but both remain under-represented in Moray, and the challenge is to continue to broaden and diversify the economy to reduce reliance on traditional industries. The Food and drink sector, for example, has a number of large employers.

The increase in employment numbers in Moray in 2014 have now returned the area to pre-recession employment levels, The employment rate has fallen in the last two years but remains above the Scottish average. ILO unemployment increased to 2014/2015 when it continued to fall across Scotland. With the Moray ILO unemployment rate the highest it has been in a decade, the challenge is to create new jobs in the area and to prevent any further employment decline. The population is forecast to remain largely unchanged to 2024, while it is rising at the national level, and there is expected to be one in ten fewer school children by 2018. There is a need to create more opportunities in Moray, including the retention and attraction of young people.