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**Report to Enterprise and Environment Committee**

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**Date of Meeting: 4th September 2014**

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**Subject: Economic Development Update**

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**Report by: Head of Development and Environment**

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**1.0 Purpose**

- 1.1. This report updates members on the range of activities undertaken by the Council's Economic Development team both directly and in partnership with other Council Services, external agencies and the local business community to bring investment and jobs to the area and to link these to unemployed residents. The report includes an interim review of the Clackmannanshire Apprenticeship Initiative and highlights an issue in relation to the future funding of employer recruitment incentives

**2.0 Recommendations**

- 2.1 It is recommended that the Committee note progress on the work being undertaken.

**3.0 Considerations**

- 3.1 The Council's Economic Development team continues its delivery in a number of areas:

**Clackmannanshire Works**

- 3.2 The current European funded programme was due to end on June 30th 2014. Details of a successor programme have not been finalised. Extensions to December 31st 2014 of the current ESF and ERDF strands have been negotiated and agreed with the Scottish Government with the new programme now anticipated to come into operation from early 2015
- 3.3 Progress against revised targets for the overall European programme is shown below.

<b>CLACKS WORKS TARGETS AND PROGRESS 2011-14</b>			
<b>Indicator</b>	<b>Target</b>	<b>Progress to Date</b>	<b>Comments</b>
Number Supported - ESF	1375	1204	On target
Into employment - ESF	400	375	Target likely to be exceeded
Achieved a Full or Partial Qualification and/or Entered Education or Training - ESF	629	316	New indicators following redefinition discussion with Scottish Government. Target unlikely to be achieved due to higher numbers entering employment
Number of Enterprises Supported - ERDF	215	343	Target exceeded
Into Employment - ERDF	325	385	Target exceeded. Includes 127 participants into self-employment

Notes. Progress to July 31st 2014

- 3.4 Although due to start in April 2011, the current programme did not get underway until August 2011 and despite a slow start it is anticipated that targets will still be generally exceeded, some by a considerable margin, by the end of December 2014. The table shows revised targets from the March 2014 report to Committee following negotiations with the Scottish Government to extend the current ESF and ERDF programmes to 31st December 2014 and revisions to CTSI targets. The table does not include outcomes for CTSI as these are currently being reconciled.
- 3.5 Some participants (245) entering employment have received support from both ESF and ERDF. The net total number of clients entering employment is, therefore, 515.
- 3.6 Prior to 2011 (when the current model was established) in the then Development Services the Clackmannanshire Works team was made up of 33 posts. Four other posts in the Council establishment were absorbed into the revised model. The new model works with 21.6 FTE with 6.6 posts on term contracts and one post a secondment from Business Support but funded through Clackmannanshire Works. All of those on term contracts have worked for the Council for at least four years, some for considerably longer than this, and have, therefore, the same employment rights as permanent staff. In recognition of this, and to support continuity of service as well as skills retention, these staff have now been given permanent contracts with salaries continuing to be supported through European funding. A successor European Programme is being developed with an anticipated start date in early 2015. The salaries associated with the staff now placed on permanent contracts can be used as match funding to potentially attract additional income through

European support. Unlike previous European Programmes, where bid processes were in place, the Scottish Government is considering an approach based on allocations reflecting need.

### **Youth Employment Scotland Fund**

- 3.7 The Council was successful in its original bid to the Scottish Government for 20 places to be filled between June and December 2013. Due to the success of this initiative the Council made a successful bid to increase its contract to 115 places with 74 of these places having been filled to the end of July. Funding for this recruitment incentive will cease at the end of December 2014.

### **Clackmannanshire Apprenticeship Initiative**

- 3.8 This Council/Skills Development Scotland funded initiative is now fully committed with 35 places allocated. The Council agreed to provide support of £120,000 over three years. An interim evaluation has been undertaken and this has highlighted the following:

- The initial aspiration was to create 40 new apprenticeship places over an 8 month period from January to August 2013. However, this was always conditional on securing some additional funding to help plug an identified funding gap. Several funding avenues were explored, in particular our current European programme and the Youth Employment Scotland Fund, but these were not pursued for a number of different reasons, one of which was the extremely onerous compliance requirements which would be placed upon the employer.
- Between January 2013 and March 2014, the available budget of £120,000 was committed, enabling 35 young people to be recruited by local firms. Based on the latest data for the level and rate of known NEET by LA area, which was 370 young people aged 16 - 19, the 35 apprentices created through the Clackmannanshire Apprenticeship Initiative is almost 10% of the size of the NEET group in 2011.
- Out of the 35 apprentices recruited, 30 are between 16-19 years of age (the priority group) and 5 are between 20 - 24 years of age. A wide range of employment opportunities have been supported including employment in the motor vehicle, childcare, hairdressing, food manufacturing, carpentry and administrative sectors. For many businesses this is the first time they have taken on a Modern Apprentice
- As at July 2014 there have been 9 leavers, of which 3 have completed their Modern Apprenticeships and sustained employment. Six young people have left early due to a number of reasons, not all necessarily negative. Two left to take up other jobs, 1 went to college, 2 resigned and 1 was dismissed for poor attendance. One of the early leavers achieved a Level 2 SVQ and another achieved 5 units towards their Level 2 SVQ.
- A further 13 young people are due to complete their Modern Apprenticeships by March 2015. The remaining 13 will complete

beyond this date. Although the final grant payments will cease at the end of March 2015, we will continue to monitor and record achievements of those young people who will be continuing their apprenticeships beyond the period of the grant funding.

- 3.9 The Clackmannanshire Apprenticeship Initiative has been well received by local companies and has helped 35 young people, particularly school leavers, into additional Modern Apprenticeships. The initiative has enabled many of the recruiting companies to invest in their future workforce by taking on an apprentice for the first time and has had a significant impact on youth unemployment locally.
- 3.10 Since committing all of the Clackmannanshire Apprentice Initiative funding, we have managed to use the Youth Employment Scotland (YES) funding to help some employers recruit apprentices as these types of jobs are eligible for this support, providing the young person remains employed under a contract of employment beyond 6 months which is relevant to the time required to complete their apprenticeship. YES support also provides an employer recruitment incentive but for a shorter period of time.
- 3.11 With YES funding ceasing at the end of December 2014, we will no longer be able to offer employers a recruitment incentive to help them create additional job opportunities including apprenticeships for young people. This means that the Council will be less able to make a significant contribution to youth unemployment locally, which continues to be one of our SOA priorities. The latest youth unemployment figures recorded in May 2014 for 18 -24 year olds in receipt of Jobseekers Allowance shows that Clackmannanshire has the highest rate in Scotland at 8.9% (Scottish average is 4.8%). This is due to be discussed by the Business, Jobs and Skills Partnership team at its meeting on 22nd August. One option may be to use European funding to develop a new initiative but the scope for doing this will be dependent on the level of allocation made to Clackmannanshire and our ability to identify sufficient match funding.

### **Skills Development Scotland (SDS) Funded Programmes**

- 3.12 The Council made a successful bid to deliver 21 Modern Apprenticeships (MAs) in 2014-15 and 1 Modern Apprentice has been recruited to date with 5 Modern Apprentices due to start in August.. This is in addition to supporting 42 existing MAs who have started in previous years. All MAs are employed by the Council (24) or local businesses.
- 3.13 The Council has been awarded an increased contract of 32 new places through the Employability Fund for 2014/15 with 17 of these being filled by the end of July. Again, take-up has been across a wide range of sectors.

## **Clackmannanshire Forth Coastal Project**

- 3.14 Fully funded (£230,000) through the Big Lottery, and with additional match funding of £140,700 from external partners this initiative is aimed at delivering environmental improvements and training and employment opportunities. The Economic Development Service has been actively engaged in recruitment for the employment opportunities available. Thirteen people have been recruited to date with a further 4 jobs due to be taken up in 2014/15. Two of these positions are for trainee ranger posts within the Council and both were taken up by clients of Clackmannanshire Works.

## **Community Benefits**

- 3.15 The Council uses community benefits clauses to secure apprenticeship, local employment and training opportunities as part of its contracting processes. We are currently supporting 5 contractors across 6 Council contracts. They are Marshalls (Speirs Centre and Hallpark), Robertsons (Redwell School), Mitie (bathroom replacement contract) and LTM Group Ltd (Masonry Repair works - Hillfoots Historic Kirkyards and Alva Ice House). The last contract has recently been let as part of the Ochils Landscape Partnership initiative and offers opportunities to develop specialised skills in stonework replacement and repair.
- 3.16 The Council also continues to be actively engaged in delivering events as part of its contribution to the Supplier Development Programme initiative. This is aimed at assisting local businesses to improve their performance in winning public sector contracts. A workshop is programmed for September 9th and we are leading on a Forth Valley wide 'Meet the Buyer' event due to take place in Alloa on 6th November

From the community benefit clauses to date, the following has been achieved:

- 60 work experience placement
- 12 Apprentice starts
- 27 jobs

3.17 The following table summarises the number of participants, cross the various Council interventions entering employment, self employment, Modern Apprenticeship or a Training / Work Experience place.

**TABLE SUMMARISING RANGE OF EMPLOYMENT AND TRAINING OPPORTUNITIES CREATED BY VARIOUS COUNCIL INTERVENTIONS**

Time Frame	Programme	Number entering Employment or Self Employment	Number entering or continuing a Modern Apprenticeship	Number entering a Training or Work Experience Place
July 2011 - July 2014	Clackmannanshire Works - European Structural Funds	515		445
June 2013 - July 2014	Youth Employment Scotland Employer Recruitment Incentive	74		
Jan. 2013 - July 2014	Clackmannanshire Apprenticeship Initiative		35	
April 2014 - July 2014	Modern Apprentice Programme		33	
April 2014 - July 2014	Employability Fund Programme			17
June 2013 - July 2014	Clackmannanshire Forth coastal Project	13		
Jan. 12 - July 2014	Community Benefits from Council Contracts	27	12	60

**Notes**

1. Some Clackmannanshire Works clients assisted into work through the Youth Employment Scotland Employer Recruitment Incentive
2. Some Clackmannanshire Works clients entered employment or work experience on Council contracts with community benefits
3. Some Modern Apprentices supported by the Youth Employment Scotland Employer Recruitment Incentive or the Clackmannanshire Apprenticeship Initiative and some entered employment on Council contracts with community benefits
4. Some Employability Fund clients entered work placements on Council contracts with community benefits.

## **Clackmannanshire Business**

3.18 Clackmannanshire Business have continued to support the Imagine Alloa marketing campaign which promotes investment and job creation in Clackmannanshire. The campaign has been extended beyond the focus on Business, to include Tourism and Living in Clackmannanshire. Recent activity, in terms of promotion includes :

- A Central FM radio advertising campaign with four commercials broadcast from April for a year. This involves advance broadcasting of events.
- A full rear Bus campaign from May to September 2015.
- Support for the inaugural Clackmannanshire Business Awards.

## **Ochils Landscape Partnership**

3.19 All 22 projects forming the Ochils Landscape Partnership programme have started of which the majority are now complete or approaching completion. Ochils Festival 2014 was a great success with an estimate of over 2500 participants across 47 free events. The OLP was visited by HRH Prince Edward, Duke of Kent on 8th July where he met the core team, funders and local dignitaries at the Cochrane Hall followed by a short tour of the Alva Glen project, Dollar Museum and the works carried out at Dollar Mill Green. The online engagement materials - The Virtual Visitor and Education Centre - remain extremely popular with smart phone apps also now available. An additional 206 volunteers have been added to the database taking the total past the 600 mark. Project costs, so far, have been within budget and the scheme is almost fully funded. Plans to establish a charitable legacy organisation are underway with SENSCOT-Legal appointed to assist with forming a Scottish Charitable Incorporated Organisation (SCIO). The intention is that this organisation, once formed will maintain the current projects for a minimum of 10 years, facilitate new community led projects and operate across the whole of Clackmannanshire.

## **Economic Investment Fund**

3.20 The Council agreed in 2012 to pursue several economic stimulus initiatives including the creation of an Economic Investment Fund. In so doing it was intended that the proceeds of investment property sales at Dumyat and Pavilions Business Parks would be essentially "recycled" to stimulate further business development opportunities. To date the emphasis has been on securing the land sales at both business parks. In the case of Dumyat Business Park a receipt of £160,000 has so far been achieved with another potential development sale pending. At Alloa a sale is also being concluded such that an initial Fund of some £350,000 is currently envisaged.

3.21 There are a number of options as to how to secure further business development opportunities ranging from, for example, upgrading of vacant Council owned shops to servicing undeveloped Council-owned business sites for sale to small/medium sized businesses wishing to pursue self-build business premises. A market appraisal is to be undertaken in consultation with the local business community to clarify the specific needs of local businesses in order that the Economic Investment Fund can be directed at agreed priorities. It is proposed that a report will be prepared for the E & E Committee of 6 November 2014 setting out the findings of this appraisal in order that some of the Economic Investment Fund can be directed at agreed Council business property priorities.

#### 4.0 Sustainability Implications

4.1 The Council's Economic Development activities will have a positive impact through:

- Improving the quality of life for the area's residents
- Achieving sustainable economic development
- Targeting skills and training and reducing unemployment
- Reducing social exclusion

#### 5.0 Resource Implications

5.1 *Financial Details*

5.2 The report is for information only and no new resource implications arise from this update

5.3 Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4 *Staffing*

5.5 There are no staffing implications arising from the report.

#### 6.0 Exempt Reports

6.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

#### 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- |  |                                     |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses         | <input checked="" type="checkbox"/> |
| Our communities are more cohesive and inclusive                          | <input type="checkbox"/>            |
| People are better skilled, trained and ready for learning and employment | <input checked="" type="checkbox"/> |
| Our communities are safer  | <input type="checkbox"/>            |
| Vulnerable people and families are supported                             | <input type="checkbox"/>            |
| Substance misuse and its effects are reduced                             | <input type="checkbox"/>            |
| Health is improving and health inequalities are reducing                 | <input type="checkbox"/>            |
| The environment is protected and enhanced for all                        | <input type="checkbox"/>            |
| The Council is effective, efficient and recognised for excellence        | <input checked="" type="checkbox"/> |



(2) **Council Policies**

- Clackmannanshire Single Outcome Agreement 2013-2023
- Building Clackmannanshire. Economic Development Framework 2008-18
- Clackmannanshire Employability Strategy and Framework for Action

**8.0 Equalities Impact**

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? Yes  No

**9.0 Legality**

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

**10.0 Appendices**

10.1 None

**11.0 Background Papers**

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

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**Approved by**

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