
Report to Enterprise and Environment Committee

Date of Meeting: 14th January 2016

Subject: Economic Development Update

Report by: Head of Development and Environment

1.0 Purpose

- 1.1. This report updates members on the range of activities being undertaken directly by the Council's Economic Development team as well as in partnership with other Council Services, external agencies and the local business community.

2.0 Recommendations

- 2.1. It is recommended that Committee :
- 2.1.1. Notes the report whilst commenting and challenging the activities and performance as appropriate.

3.0 Considerations

Strategic Approach

- 3.1. The diagram in the Appendix summarises the strategic context for the Service's activities. The main drivers are job creation and finding employment opportunities for residents. A range of programmes and initiatives are delivered under the following broad headings :
- *Skills, Learning and Employability* - to equip Clackmannanshire people to create and compete for jobs locally and further afield
 - *Business Development and Growth* - to increase the number of jobs in Clackmannanshire and widen the range and quality of those jobs
 - *Physical Infrastructure and Place* - to create an environment and culture in which enterprise can flourish and to build on the attractiveness of the area and its development potential.
- 3.2. A variety of external funding sources are used to support Council core budgets. These include European Structural Funds, Skills Development Scotland (SDS) contracts, Scottish Government programmes and Lottery Funding.

3.3. With the establishment of the current Economic Development Service in 2011 a number of different activities supporting individuals and the business community were brought together. This has allowed close working links to be developed between traditional employability functions, vocational training activities and initiatives supporting job creation. This overall approach is now recognised as good practice by the Scottish Government and has provided flexibility in supporting clients with tailored support and direct links to job opportunities. This approach continues to be built upon with a current focus on establishing closer links with the Education Service including the recent co-location of the Opportunities for All Coordinator with Economic Development staff.

Performance of the Local Economy

3.4. The Clackmannanshire economy demonstrates a number of positive characteristics :

- Model based unemployment (a measure developed by The Office for National Statistics to provide more accurate estimates of unemployment) has dropped by 36% in the last 3 years. It fell faster in Clackmannanshire between 2008 and 2014 than in all but 2 other local authorities.
- Employment rates rose by 1.9 percentage points between 2013/14 and 2014/15 to 68.4%. At the end of November 2015 the figure has risen again by a further 2.2 percentage points to 70.6%.
- There are 165 more enterprises in Clackmannanshire than there were in 2010 (1120 compared with 955)
- The Economic Development service levered in over twice the amount of external funding per Council pound than the average for Scotland in 2014/15 (£2.99/£1.33 respectively).
- The service maintains a strong performance (above the National average) in terms of unemployed people assisted into work via Council funded employability programmes.
- Due to strong performance during the last ESF programme the service has been able to set a target for getting ESF participants into work in the new programme at 6 percentage points above the National baseline (26%/20% respectively).
- Clackmannanshire is above the national rate for business survival at the 3 year point (60.9% and 57.1% respectively).
- A successful investment strategy through joint venture arrangements has created 157,000 square feet of new business space.
- Additional apprenticeship opportunities (35) were created through the establishment of the Clackmannanshire Apprenticeship Initiative. 19 young people have achieved their MA qualification with a further 10 still in training. 20 of the 25 that have completed the programme remain in positive destinations (19 in employment, 1 at college).
- The Town Centre vacancy rate in Alloa at 6.2% in 2014/15 is well below the Scottish average of 10.1%.

- 3.5. Clackmannanshire has a distinctive economy with a notably higher proportion of employment in manufacturing (13.1%) compared to Scotland (7.1%); public administration and defence (9.0% compared with a national figure of 5.8%); and education (10.1% locally and 7.6% at the Scottish level). On the other hand a number of key sectors are under-represented including information and communications (0.6% compared with 2.5% nationally) and financial and insurance activities (0.8% locally and 3.5% nationally).
- 3.6. Clackmannanshire lacks jobs, job density (a measurement of access to jobs) remains the 3rd lowest in Scotland at 0.48 (meaning there are 480 jobs per 1000 of working age population). This is below the Scottish average of 0.76 and means that there is more onus on Clackmannanshire residents to look outside the immediate area for employment.
- 3.7. The total number of enterprises has grown from 955 in 2010 to 1120 in 2015. As with the rest of Scotland as a whole the majority of these are micro-businesses (980) and small businesses (125).
- 3.8. Recently, the Scottish Local Authorities Economic Development Group (SLAED) published a report which sets out a range of indicators derived from Local Authority returns as well as national data-bases. The Framework is not intended to be used as an overall basis for crude league tables and recognises the varying economic characteristics of different council areas which, in turn, have a significant impact on local priorities and resource management. There remains scope for ongoing improvement and refinement of the Framework and the SLAED Performance Group has initiated work to review the existing indicators. Key findings are summarised below.

(a) Leverage of External Funding

INDICATOR	CLACKS VALUE	CLACKS RANKING	SCOTLAND
Leverage of External Funding	£2.99	8th	£1.33

This indicator shows that the Council's Economic Development Service successfully lever in almost £3.00 of funding for every Council pound invested.

(b) Business Start-Ups

INDICATOR	CLACKS VALUE	CLACKS RANKING	SCOTLAND
New Business Starts(per 10000 16-64 population)	45	29th=	62
3 year Business Survival Rate	60.9%	7th	57.1%

The area has a low number of business births as measured by VAT/PAYE registrations. This is balanced, however by a comparatively high business survival rate.

(c) Employment & Unemployment

INDICATOR	CLACKS VALUE	CLACKS RANKING	SCOTLAND
Gross Weekly Earnings - Residence Based	£462.50	29th	£518.20
Gross Weekly Earnings - Workplace Based	£462.50	25th	£519.40
Employment Rate	68.4%	29th	72.9%
Claimants in Receipt of key DWP Benefits	17.1%	25th	14.5%
JSA Claimants	3.0%	25th	2.4%
No of unemployed People Progressed to Employment as result of participation in Council funded/operated employability activities	270 (0.53% of the areas population)	N/A	24,847 (0.46% of the population)

Clackmannanshire has a low employment rate but it has improved over the year by 1.9 percentage points. This is in contrast to the Scottish Employment rate which has increased by only 1.4 percentage points.

Both workplace and residence based earnings are below the Scottish average. Latest indicators (NOMIS) point out that female employees face particular inequality in income terms and have the lowest gross weekly pay of females in the whole of Scotland. Clackmannanshire male full-time workers gross weekly pay is £77 above the Scottish overall average of £527 and £44 above the Scottish average for males. Clackmannanshire female full-time workers gross weekly pa is £139 below the Scottish overall average and £86 below the Scottish average for females.

The area has higher than average levels of residents claiming out of work benefits. The figures have reduced over the last year by 0.8 percentage points (0.7 Scotland) for key DWP benefits and 1.2 percentage points for JSA claimants (0.7 Scotland).

There was a small reduction in the number of people assisted into work which reflects the running down of the previous ESF programme.

(d) Skills

INDICATOR	CLACKS VALUE	CLACKS RANKING	SCOTLAND
Working Age Population with Low/No Qualifications	20.6%	32nd	15.6%

Clackmannanshire had the highest proportion of residents with qualifications at SCQF level 4 or below.

Skills, Learning and Employability Priority

(a) European Structural Funds Clackmannanshire Works Programme.

- 3.9. The 2011-14 Structural Funds programmes came to a formal end on 31st March 2015 after a number of extension periods were agreed by the Scottish Government. These extensions provided an opportunity for the Council to draw down the maximum funding available over the 2011-14 period, thus generating revenue of around £1.29m. It supported 1551 local people. Of those 568 went into work, including 131 who started their own business; 38 people progressed into full-time education; and a further 465 undertook training or gained qualifications.
- 3.10. The bidding process for the new European programme (running from 2014-2020) is still underway. A Stage 1 application has been approved and the Council has been notified that it has been allocated funding of £622,222 to cover the period from April 2015 to December 2018. A Stage 2 application was submitted at the beginning of November. This provides further details of what will be delivered and deployment of resources. The new Programme will work with clients who suffer multiple barriers to employment and are further away from the job market than the 2011-14 Programme. The Programme is also now available throughout Scotland and this has had an impact on the level of funding available to Clackmannanshire. From April to the end of October 76 participants have been supported under the new Programme.

(b) Modern Apprenticeships

- 3.11. The Council has a contract with Skills Development Scotland (SDS) to deliver 24 Modern Apprenticeship (MA) places for 16 - 19 year olds in 2014/15. Twenty-one out of 24 places have been filled in the first 9 months. This brings the total number of MAs in training on our SDS contract to 42 (includes MAs who started in previous years), of which 24 are employed in the Council.
- 3.12. The Council has made available some funding to help subsidise the wage costs of additional MAs recruited across Council services. As at 31 December, eight young people have been recruited as Modern Apprentices (MAs) by Council services as a result of this funding. Four young people have been recruited as Business & Administration MAs by Business Support, 3 young people have been recruited as Sports MAs by Sports Development and 1 young man has been taken on by Facilities Management as a Janitor MA. Other MA opportunities in Facilities Management, Waste Management, Class Cuisine, Ludgate House and Procurement are currently being explored.

(c) Employability Fund

- 3.13. The service has a contract with Skills Development Scotland (SDS) for 42 vocational training places under the Employability Fund programme for young people and unemployed adults. Up to the end of December, 26 of these places have been filled.

(d) Scotland's Employer Recruitment Incentive (SERI)

- 3.14. This is the new recruitment incentive that has replaced the successful Youth Employment Scotland Fund. SERI provides just under £4,000 to employers in the private and third sectors who are able to create jobs for young people lasting for at least 12 months. The service administers the incentive on behalf of Scottish Government. Following uncertainty caused by the UK Government Spending Review, as of 4 December, SERI has been paused to new starts. Up to this date, 24 out of the 28 SERI places allocated to Clackmannanshire had been filled.

(e) Developing the Young Workforce

- 3.15. Economic Development officers contributed to the development of the Regional Invest in Young People bid through the provision of a range of economic performance data to support the establishment of baseline measures. The Regional Group is private sector led and is submitting a bid in February for resources aimed at establishing closer links between employers and schools and ensuring that qualification levels meet employer needs.
- 3.16. The service was able to support Education (through Opportunities for All Funding) to track the 97 local young people who were recorded as having an unknown destination in the 1st (experimental) publication of the new 'Participation Measure'. This measure aims to track all young people from school leaving to the age of 19. Of the 97 young people staff were able to gain updated information on all but 23. Most young people were participating in employment, education and training so this should have a positive impact on the proportion of local young people recorded as 'participating'. A detailed report was provided back to Education who will be using the learning identified to inform the on-going tracking and support of young people.

(f) PACE

- 3.17. There has been a change to the Forth Valley PACE protocol. Skills Development Scotland will now take the lead in any PACE activities locally but will be supported by the local authority.
- 3.18. The national PACE team is currently involved in discussions around the closure of Longannet Power Station which has a workforce of around 250 employees, a third of whom have a Clackmannanshire postcode.

(g) Clackmannanshire Forth Coastal Project.

- 3.19. This initiative, funded through the Big Lottery and other external sources, came to an end in October 2015. As well as a series of environmental initiatives it delivered, with the support of the Economic Development Service, 16 trainee employment opportunities in environmentally based occupations over the period of its operation from June 2013 up to October 2015.

Business Development and Growth Priority

(a) Business Development.

- 3.20. The Council continues to be represented on the Business Gateway Management Group overseeing the delivery of local Business Gateway activities by Ceteris. The team also supports individuals looking to start-up their own businesses coming through the Employability Pipeline or referrals from Business Gateway where more dedicated 1-2-1 support has been identified. This includes advice on setting up and mentoring financial systems. This year the Service has also led locally on the Broadband Connection Voucher Scheme. This is part of a UK Government initiative to provide superfast broadband to 95% of the UK by 2017. The scheme, which has now allocated all of the £40m available funding since April 2015, gave businesses the chance to apply for grants of up to £3,000 each to cover the costs of installing faster and better broadband. More than 55,000 small and medium businesses (SMEs), employing up to one million people across the UK, have taken advantage of a Government scheme to boost their broadband connectivity.
- 3.21. Administration of the vouchers continues until 31 March 2016. At 6 November 2015 the total number of vouchers issued across Clackmannanshire was 15, ahead of the original 10 voucher target, with a total value £9,482.

(b) Community Benefits

- 3.22. The service supports Council contractors to fulfil their community benefit commitments whilst providing the service with opportunities for our clients. We currently have a work experience placement as part of a flooring contract let by the Council. The contractor for the Council's Central Heating Replacement Framework, provided a work experience opportunity for one of our Employability Fund trainees who has since been employed full-time by one of their supply chain.

(c) Supplier Development Programme

- 3.23. This is a local authority partnership programme established to help small and medium sized businesses tender for public sector contracts by providing a programme of training and information events. An Introduction to Working with the Public Sector workshop was held in Alloa on 11 November and was attended by 13 delegates.

(d) Clackmannanshire Business

- 3.24. The Clackmannanshire Business Board is undertaking a strategic review of its activities with the aim of focusing resources and activities on areas where the local business community can make the most difference. Tourism has continued to be a priority this year with the delivery of a successful high profile whisky event in May highlighting the influence of Clackmannanshire on the global whisky industry. This has led to further work on the development of a whisky heritage project working in partnership with the Inner Forth Landscape Initiative. In October an event was held to commemorate the 300th anniversary of the Battle of Sheriffmuir and its connections to the Earl of Mar.

Physical Infrastructure and Place Priority

(a) Longannet

- 3.25. With the closure of Longannet due to take place from April 1st 2016 the Council has been working with partners (principally Fife and Falkirk Councils) to develop an Economic Recovery Plan to address issues relating to the workforce, contractor employment and supply chain impacts as well as further downstream implications. This is due to be considered at the next meeting of the Longannet Task Force at the end of February 2016.

(b) CSBP Clackmannanshire Developments Limited.

- 3.26. This is a joint venture that was originally established in 1996 and restructured in 2003. The broad purpose of the company was to provide business development opportunities through the provision of serviced land and property and to manage and sell the ensuing investment portfolio. The bulk of the funding was provided through commercial and European funding sources with a contribution from the Council. With changes in the investment market resulting in a higher demand for self-build and outright sales the Council and its development partner have agreed to wind up the joint venture company. As well as bringing jobs and investment to the area, and income to the Council, undeveloped land forming part of the original agreement will also be returned to Council ownership.

(c) Ochils Landscape Partnership (OLP).

- 3.27. The OLP has been in its implementation phase since August 2011 and came to a formal end on 30th November 2015. It brought together 20 partner and community organisations to deliver 22 projects. The bulk of funding support came from Burnfoot Hill Windfarm, under a Section 75 planning agreement, and the Heritage Lottery Fund. Twenty of the 22 projects have been completed. Cost and feasibility issues arose on two of the river based projects and these could not be fully implemented. The focus of activity has now moved to developing legacy arrangements for the OLP Scheme including a commitment to undertake a 10 year maintenance programme from 2015. A detailed report on the OLP was considered by the Council in June 2015 and a further report on successor arrangements is due to be taken to Council in 2016.

(d) Tourism

- 3.28. The Council continues to support the strategic development of the Tourism sector in Clackmannanshire. There was a 5% increase in visitor numbers in 2014 with associated revenue expenditure of £17.8m. Although the number of visitors to attractions has remained at the same level the increase in the overall number of visitors and expenditure reflects growth in the area's accommodation base, particularly in the hotel and self-catering sectors. The Tourism Group continues to meet under the umbrella of Clackmannanshire Business and is looking to maximise opportunities based on the Year of Innovation, Design and Architecture (2016) and the Year of History, Heritage and Archaeology (2017).

3.29. The Service has also been active in working with others to promote the area as a filming location. Clackmannanshire has seen growing interest from both domestic and international production companies in 2015, with three short filming projects from the BBC and international studios located in the area in recent months. Large international productions, such as 'Outlander' have also shot outdoor scenes in the area. Part of this success is due to the 'Clacks on Screen' website, maintained by the Service, which markets the area to location managers. Film production is also being aligned with Visitscotland marketing to capitalise on the international film visitor market with 'movie maps' being developed. It is anticipated that this will include the Clackmannanshire Bridge which featured in the 2012 film 'Cloud Atlas'.

Partnership

(a) Business, Jobs and Skills Partnership Team (BJSPT)

3.30. Recent activity has focused on a review of the team's priorities and the development of an Action Plan taking forward 7 agreed priorities:

- Developing Scotland's Young Workforce (3-18)
- Developing Scotland's Young Workforce (19-24)
- Increasing the Take-up of Modern Apprenticeship Opportunities
- Clackmannanshire Works ESF Programme
- Key Sectors and Opportunities for Growth
- Business Needs
- Support for Businesses

(b) Clackmannanshire Local Employability Partnership (LEP)

3.31. The LEP continues to deliver on its action plan with particularly good progress in the last quarter with Employer Engagement. The Employer Engagement Group have updated the Clackmannanshire Employer Reference Guide and Employer Recruitment Incentive information and are planning an event for all staff involved in employer engagement across LEP partners and other business intermediary organisations.

Overall Performance

3.32. The Economic Development Service's Key Performance Indicators are summarised below.

Indicator	To end of Nov 2015		Progress	Annual Target
	Profiled	Achieved		
EDE BUS 001 - Number of people supported into self-employment by Economic Development Advisers.	11	6	Below Target	18
EDE BUS 002 - No of businesses supported by Council Economic Development Team.	187	201	Above Target	240
EDE BUS 003 - Number of new business start-ups from clients supported by Clackmannanshire Works advisers still operating at 12 months	20	24	Above Target	25

Indicator	To end of Nov 2015		Progress	Annual Target
	Profiled	Achieved		
EDE EMP 001 - Number of new starts participating in Council Economic Development funded employability programmes	264	275	Above Target	379
EDE EMP 002 - Number of participants in Council Economic Development funded programmes progressing into employment or self-employment.	71	89	Above Target	125
EDE EMP 003 - Number of participants in Council Economic Development funded programmes gaining qualifications.	34	80	Above Target	47

3.33. Performance is ahead of target for all indicators apart from EDE BUS 001 (number of people supported into self employment). The reasons for this are being explored but appear to be a reflection of a lower number of referrals from partner agencies (principally DWP) and the shift in ESF support in the current programme to clients further away from the job market.

Conclusion

3.34. The Service, along with partners, will continue to focus resources on initiatives which support the growth of jobs in the area as well as working with residents to find employment locally and further afield. This is an important element in the preventative agenda being taken forward by partners so that resources can be used more effectively and targeted at those most in need. The current focus for specific initiatives being taken forward by Alliance partners is listed in paragraph 3.30.

3.35. Some actions are geared towards short to medium term outcomes. Others are about building the foundations for driving longer term structural changes to the Clackmannanshire economy. Further refinement of performance indicators, including those being developed by SLAED, will provide better intelligence on the overall impact of Council and partner interventions.

4.0 Sustainability Implications

4.1. Economic development activity has a major role to play in:

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

5.0 Resource Implications

5.1. Financial Details

5.2. Economic development activity is carried out within existing approved budgets supplemented by income derived from contracts and external funding.

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 this 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

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input checked="" type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input checked="" 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 checked="" 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 checked="" type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input checked="" type="checkbox"/> |

(2) Council Policies (Please detail)

- Clackmannanshire Single Outcome Agreement 2013-23
- Building Clackmannanshire Economic Development Framework 2008-18
- Clackmannanshire Employability Strategy 2015-17

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 Not required

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 Please list any appendices attached to this report.

- Economic Development Strategic Overview

11.0 Background Papers

11.1 Have you used other documents to compile your report?

Yes (please list the documents below) No

- SLAED/Improvement Service. Scottish Local Authorities Economic Development Indicators Framework 2014-2015

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Approved by

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Economic Development - Strategic Overview

Service Mission: To work with partners to build a dynamic local economy that makes Clackmannanshire a successful place driven by a confident community.

Our Purpose is to build:

- a confident community - our people assured and ambitious as citizens of a fast changing world
- a distinctive place - one that draws people to work, live and relax
- a vibrant economy with a flow of opportunities for residents, investors and visitors - a place where people can realise their ambitions
- an area that makes a contribution to the regional and Scottish economies

The service provides a direct contribution to the following SOA Priority Outcomes:

- Clackmannanshire has a positive image and attract business and people
- People are better skilled, trained and ready for learning and employment
- Vulnerable people and families are supported
- Our environment is protected and enhanced
- Our public services are improving

Skills, Learning and Employability

To equip Clackmannanshire people to create and compete for jobs - locally and further afield

- ESF Programmes
- Modern Apprenticeships
- Employability Fund
- Employer Recruitment Incentives
- PACE

Business Development and Growth

To increase the number of jobs in Clackmannanshire and widen the range and quality of those jobs

- Supplier Development Programme
- Community Benefit Support
- Business Support & Broadband Voucher Scheme
- Business Gateway (Strategic Management)
- Bookkeeping Services
- Enterprise / Entrepreneurship
- Grantfinder

Physical Infrastructure and Place

To create an environment and culture in which enterprise can flourish
To build on the attractiveness of the area and its development potential

- Tourism (Strategic)
- Tourism Marketing
- Film Locations Network
- Ochils Landscape Partnership (EPIC)

Employer Engagement

Supporting Activities

Management Processes

Marketing, Procurement, External Funding & Contracts, Quality Assurance, Compliance and Audit, CSMT, Performance Management

Resourcing

ESF, ERDF, Skills Development Scotland, Scottish Government, LEADER, Others

Partnership

Partners in: PACE, SLAED, BSIPT, LEP Discover Clackmannanshire, LEADER (FV LEADER Action Group)

