

Strategy and Research Progress Report

Economic Development Committee

8 March 2011

1 Purpose of report

- 1.1 To note the progress of the **Strategy and Research (SR) Team** against the objectives set out in the Economic Development Plan since the last committee cycle. The team leads on providing the evidence base to support the achievement of a successful, sustainable and connected city region.

2 Summary

- 2.1 An Interim Audit will be carried out during 2011 focussing on achievement of actions identified in the 2009/10 audit.
- 2.2 A list of work packages for the Economic Review has been identified. The delivery of these will be overseen by the Edinburgh Business Forum.
- 2.3 An event to promote Scotland's case for High Speed Rail was held in January under the auspices of the Glasgow-Edinburgh Collaboration Initiative.
- 2.4 The case for a cities policy in government will continue to be developed through meetings at local authority and Scottish Government level and by continuing to build the evidence base.
- 2.5 The research programme is focussed on outputs for the Economic Review and city centre monitoring.

3 Main report

Market and Management Information

- 3.1 The SR team collects and analyses information from the whole Economic Development Unit (EDU). The headline indicators are contained in Economy Watch and are summarised in the report to this Committee "Economic Development Service Key Performance Indicators Progress Report No.9 (1 November 2010 – 31 January 2011)". Additional market and management information is included in other reports being considered by this Committee.

Performance Measurement

- 3.2 A plan for a further Interim Audit for 2010/11 has been drawn up. This will review the improvement actions identified in the 2009/10 Audit, and in particular, check that the views of stakeholders and partners are being followed up through ongoing business communication channels. The exercise is intended to avoid unnecessary duplication of effort. As part of the audit, a Staff and Partner Attitude Survey has commenced, the results of which will be compared with last year.
- 3.3 A full audit of the three year Economic Development Plan will be carried out at the end of its term in spring 2012. It will aim to measure value for money and return on the EDU's investment in a more systematic way than was previously possible.

Strategy

- 3.4 The Edinburgh Business Forum (EBF), (formerly Edinburgh Business Leadership Forum), has agreed to be the project sponsor for the **Economic Review** and subsequent **Economic Strategy**. Although the EDU will be the owner of the Review and Strategy, it will actively seek challenge from the EBF and aim to align the work with the EBF's own action plan and priorities. There will also be explicit linkages with the Edinburgh Partnership Economic Sub Group.
- 3.5 The 13 work packages for the Economic Review have been defined (see Appendix One). Initial outputs have been produced on key sectors (reported to December 2010 Committee), sustainable development and economic context. The key contextual factors affecting the review are also appended. Opportunities for collaboration with surrounding Councils have been identified through the South East Scotland Economic Community (SESEC), particularly examining the impact of the recession on the regional economy and prospects for growth. Finally, the Glasgow Economic Commission will be consulted particularly as it progresses its own economic review. The proposed governance arrangements for the Economic Review are appended.

Partner and Business Engagement

- 3.6 The **EBF** has held in depth discussions on the renewables opportunity. There is great enthusiasm for the potential investment being considered across Edinburgh City Region, and a strong desire to collaborate to fully understand the area's strengths and promote the opportunities. Building on the national work carried out by Scottish Enterprise, the EDU plans to work with the Chamber of Commerce and others to develop the vision, objectives and key messages for renewable energy and its related technologies and supply chains. This would include not only the off-shore opportunity, which is the main focus of activity for Scottish Enterprise but other renewable energy technologies and environmental products and services. The outputs will feed directly into the Economic Review and Strategy.
- 3.7 The **Glasgow-Edinburgh Collaboration Initiative** (GECI) progresses its agenda of work to support the case for cross-border High Speed Rail (HSR). A

programme of meetings and events aimed at reinforcing Scotland's case was held in Westminster on 11-13 January 2011. The attendees included 15 Members of Parliament and four Peers. These centred on a joint city Leaders' meeting with Phillip Hammond, Secretary of State for Transport; and Michael Moore, Secretary of State for Scotland. An event was held in Westminster, where both Leaders briefed a group of MPs, Lords and leaders from Scotland's business community. Other one-to-one meetings with MPs were also held. The next stage will be the government's formal consultation on HSR, which will run from March to July 2011. Committee members will be kept in touch via the HSR E-Zine. The Collaboration has also commenced the city-to-city economic linkages study and is providing assistance to business leaders in their plans for a planned joint city working dinner in March.

- 3.8 The **Scottish Cities Network** continues to develop following a conference in November which was hosted by the Scottish Council for Development and Industry (SCDI) in association with The City of Edinburgh Council. A busy schedule of meetings and briefings is being organised with the continued support of SCDI. These activities will involve activity at Council and Scottish Government level. Meanwhile a dossier of evidence to support the case for a strengthened cities policy is being finalised with academic input.

Research and Information

- 3.9 The main focus of the team has been on planning and researching the inputs for the Economic Review. As a consequence, work on local and global opportunities in the creative, tourism and electronics/ICT sectors is underway. Given the importance of the renewables opportunity, further research has commenced to strengthen understanding of the region's assets.
- 3.10 **South East Edinburgh Transport – Economic Potential Study (SEET-EPS)** is a transport economic potential study for South East Edinburgh. It was completed in January 2011.
- 3.11 The South East corridor of the city has been earmarked as one of Edinburgh's key growth areas since the 1990s. To specifically understand what additional public transport options will be required to maximise the area's potential, a transport economic potential study was initiated by the Council in partnership with Scottish Enterprise, the University of Edinburgh, NHS Lothian, Edinburgh Trams and Edinburgh Chamber of Commerce.
- 3.12 The study concludes that introducing a high quality fixed link transport service to the area, along with other transport interventions could be a catalyst to unlocking significant economic development both at regional and national level. It anticipates that significant transport improvements would bring forward development of the Edinburgh BioQuarter, a site of national importance, by three years and that without a step-change in public transport, Phase 4 of the BioQuarter will be unlikely to proceed.
- 3.13 Because of the cross cutting nature of the work, the consultancy study was reported to Policy and Strategy Committee on 22 February 2011 and is appended for information.

- 3.14 The **city centre monitoring programme**, reported in some detail at the December 2010 Committee, has published a special edition of “Essential Trends”. “Economy Watch” continues to receive favourable reaction from its readership and the press, with its content having been enhanced to include labour market information.
- 3.15 As part of the SR team’s commitment to knowledge exchange within the academic community, a programme of round table meetings and research collaborations is being pursued with the University of Edinburgh under the auspices of the Scottish Institute for Research in Economics (SIRE). Following on from a round table on productivity in June 2010, a further event was held on Tuesday, 18 January 2011, on the theme of Internationalisation. The event brought together representatives of local government and the business community, with economists from leading Scottish universities and the Scottish Government. The outcomes include a commitment by the academics to explore ways to make better use of data by, for example, disseminating existing research more widely. Several universities are interested in the potential for enhanced collaboration in research activity, encouraging the Council to suggest topics and to sponsor students undertaking projects of practical relevance.

Future Plans

- 3.16 The SR team’s priority workload in the next period will include: progressing the work packages for the Economic Review; carrying out further research on key sectors; and stepping up activity relating to the cities agenda. New challenges include:
- a) Developing the programme of engagement with relevant stakeholders and policy makers to build the case for a cities policy;
 - b) Planning the communications and consultation activities for the Economic Review including how best to obtain expert independent opinion;
 - c) Facilitating the transition of EARN to the EDSP and ensuring appropriate linkages with the EBF; and
 - d) Evaluating the city centre monitoring programme and how the research can be further disseminated and enhanced.

4 Financial Implications

- 4.1 The actions and outputs in this report have been met from within the SR budget for 2010/11.

5 Environmental Impact

- 5.1 The actions reported in this paper are directly drawn from the Economic Development Plan (2009-2012), approved by the Economic Development Committee in December 2008 and updated in May 2010. The plan commits to sustainable development and has set out a number of principles in furtherance

of this goal. The Economic Review will include a work package devoted to sustainable economic growth.

6 Conclusions

- 6.1 The Audit for 2010/11 should adopt a more limited remit than 2009/10, focussing on the implementation of previous actions and checking that undertakings to stakeholders have been followed through.
- 6.2 The governance for the Economic Review should aim to avoid duplication and ensure clear roles and remits for the Edinburgh Business Forum and Economic Development Strategic Partnership. The research activity of the team should be focussed on the Economic Review.
- 6.3 It is important to continue to build a strong joint case by Glasgow and Edinburgh for cross-border High Speed Rail as the government's consultation stage begins in March 2011.
- 6.4 The case for a stronger government cities policy should be made through an increase in the intensity of meetings and briefings, including enhanced engagement at local authority and Scottish Government level.
- 6.5 The marketing and promotion of renewable energy and associated technologies should be supported by ensuring that the understanding of the region's assets is as comprehensive as possible.

7 Recommendations

- (a) To note the progress of the SR team against the Economic Development Plan since the last Committee cycle.

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Director of City Development

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| Appendices | <ul style="list-style-type: none">1. Economic Review: work packages and key contextual factors affecting the review2. Economic Review governance – relationships and remits3. Summary findings: South East Edinburgh Transport – Economic Potential Study; Steer Davis Gleave and Colin Buchanan & Ptrs., December 2010. |
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Wards affected All

Single Outcome Agreement 1, 2, 3, 7,12 & 15

Background Papers

1. Sustainable Economic Growth and Economic Development: Draft Discussion paper by Sustainable Development Unit, December 2010.
2. South East Edinburgh Transport – Economic Potential Study; Steer Davis Gleave and Colin Buchanan & Ptrs., December 2010.

Appendix 1

Economic Review: work packages and key contextual factors affecting the review

Work packages

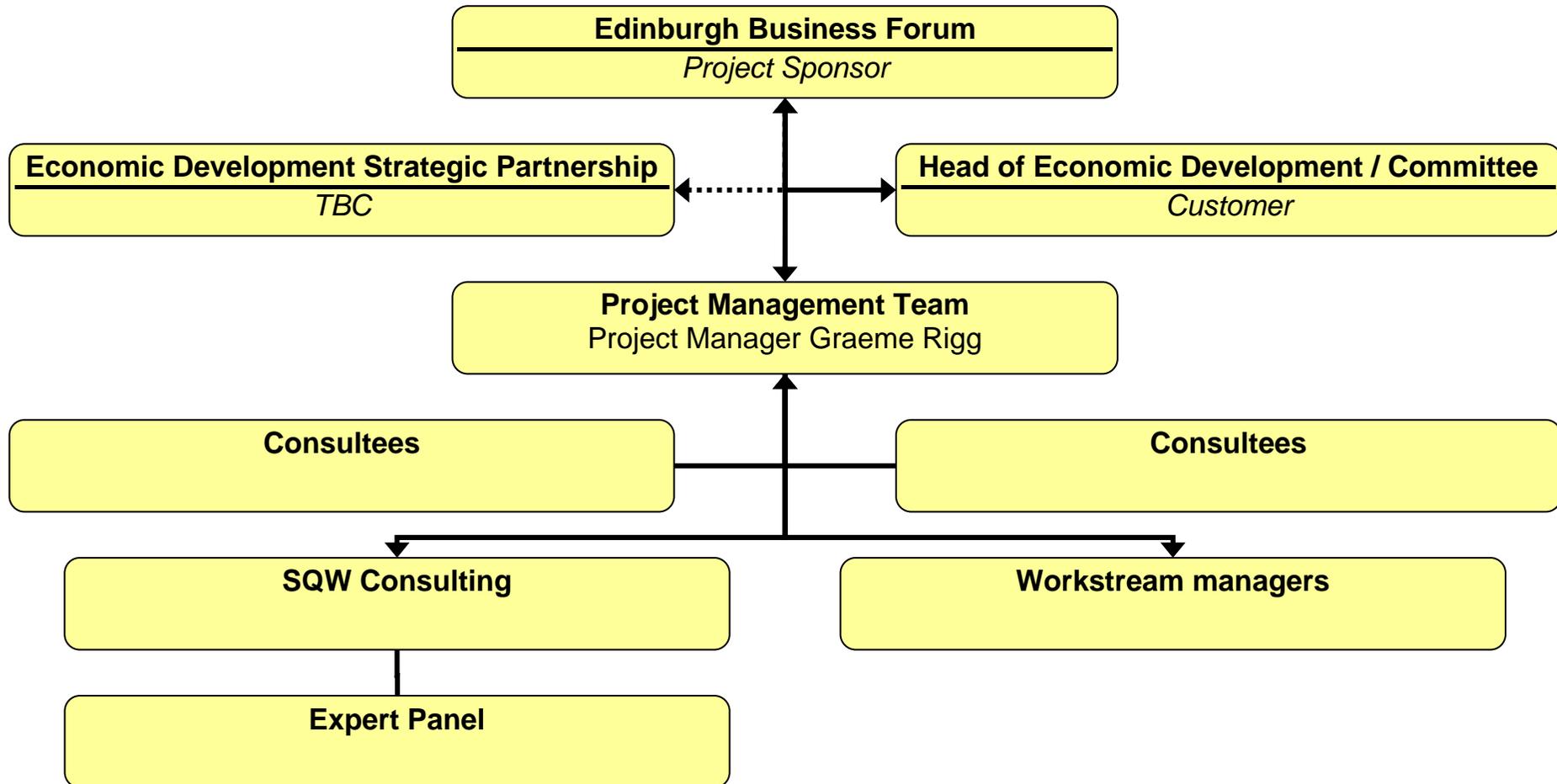
1. Communications Plan
2. Consultation Programme
3. Economic Context paper
4. Economic Futures paper
5. Employability and Skills paper
6. Productivity paper
7. Enterprise and Innovation paper
8. Local and Global Market Opportunities paper
9. Sustainable Economic Development paper
10. Strategic Options paper
11. Key Performance Indicators paper
12. Strategic Environmental Assessment paper
13. Economic Review document

Key contextual factors

- **Economic climate:** The health and resilience of the Edinburgh, Scottish and UK economies in the aftermath of the recession and the impacts of the £81 billion reduction in public expenditure by 2014/15 planned by the UK Government.
- **Political:** The policy outcomes of the Scottish Parliament Election on 5 May 2011, the Scottish Local Elections on 4 May 2012, the European Parliament Election in June 2014 and the UK General Election on or before 11 June 2015.
- **Changes to the devolution settlement:** The enacting of the recommendations of the Report of the Commission on Scottish Devolution (“Calman Commission”), in particular the proposal to increase the proportion of taxation set and levied in Scotland from 10% to 35%. The proposals of the Commission, if enacted, would have potentially far-reaching implications for the long-term budgetary position of the Scottish Government (and, by extension, the City of Edinburgh Council) and for the competitiveness of Scotland in terms of the personal taxation regime.
- **Local government reform:** The potential reform of local government in Scotland, including greater adoption of shared services as proposed by Sir John Arbuthnott and any recommendations made by the Christie Commission on Public Services.
- **International:** Global economic trends such as increased globalisation, continued liberalisation of trade, improved protection of intellectual property rights and the emergence of an affluent middle class in some developing countries.
- **Environmental:** The disruptive impact of future extreme weather events such as the volcanic ash cloud, heavy snowfall and record low temperatures experienced in 2010 and the impact of actions taken to mitigate disruption.
- **Calendar events:** The impact of the Summer Olympics and Paralympics in London between 27 July 2012 and 9 September 2012 and the Commonwealth Games in Glasgow between 24 July 2014 and 3 August 2014.
- **Technology and infrastructure:** The impact of technological and infrastructural changes such as increased usage of the Internet and high speed rail linkages.

Appendix 2

Economic Review governance – relationships and remits



Appendix 3

Summary findings: South East Edinburgh Transport – Economic Potential Study; Steer Davis Gleave and Colin Buchanan & Ptrs., December 2010

- a) consultation with investors and developers found that the south east segment has good connectivity with the trunk road network, however this is constrained by the Sheriffhall roundabout (which would benefit from grade separation). There is also a perception of poor public transport accessibility. Both of these factors are considered by consultees to impact negatively on attracting investment;
- b) a step change in public transport between Waverley station and the BioQuarter could reduce the build out time of the first 3 phases of the BioQuarter by 3 years, bringing forward its associated 6,000 jobs and creating 500 additional jobs in the corridor;
- c) a step change in public transport provision between the BioQuarter and Musselburgh (via Shawfair) or the BioQuarter and Dalkeith (via Shawfair) would provide a link with the planned Borders railway and offer the potential for significant long term economic development;
- d) for the BioQuarter to Musselburgh corridor this is estimated to be 3,000 housing units and 12,500 jobs. For the BioQuarter to Dalkeith corridor by comparison this is estimated to be 2,500 housing units and 10,000 jobs. In both instances 6,500 of the estimated jobs are associated with phase 4 of the BioQuarter which would only be delivered with a radical improvement in transport accessibility;
- e) the overall economic benefit to Edinburgh City Region from the step change in transport connectivity was estimated at £5.0 billion to £5.8 billion for Waverley to Musselburgh and £3.8 billion to £4.5 billion for Waverley to Dalkeith;
- f) an extension of the tram network currently under development elsewhere in Edinburgh would be one way to help unlock the economic benefits. However before specific transport modes can be proposed, a transport appraisal would be required;
- g) having an improved transport network in South East Edinburgh connected to the planned Borders Railway is seen as crucial to exploit fully the economic potential for Edinburgh, the Edinburgh City Region and Scotland as a whole; and
- h) all potential economic developments options would be subject to market conditions and planning considerations.