Economic Development and Planning

Investing in economic development and employment opportunities results not just in a positive economic outcome but can typically also lead to improvements across a wider range of social outcomes and reductions in demand for public services. The majority of council Plans and Local Outcome Improvement Plans (LOIPs) assign a high level of strategic priority to local economic growth, job creation and tackling unemployment. As drivers of Community Planning and Regional Growth Partnerships, Councils recognise the importance of delivering better economic outcomes for their communities and understand the impact that local economic prosperity has on wider local government spend and income.

In common with other service areas, there has been pressure on economic development budgets in recent times. Against this backdrop, councils have endeavoured to maximise their impact through joint working with community planning partners, developing regional and growth deal proposals and influencing economic impact through procurement and recruitment policies

To reflect the strategic priority given to this area, this year sees the introduction of an expanded suite of Economic Development measures within the LGBF to reflect council performance in this area. As a discretionary service area, Economic Development is delivered in different ways across the 32 local authorities reflecting the diverse nature of local economies and different priorities and challenges. Nevertheless, common areas of support include the Business Gateway Service, Supplier Development, Employability Support, Sector Development and Town Centre Management. The Scottish Local Authorities Economic Development Group (SLAED) have worked with the LGBF board to develop an expanded suite of measures which provide a useful overview of performance across these areas.

Investment in economic development & tourism

As with other service areas, the framework now includes an indicator to capture the amount that each council is spending per capita. This will provide important context when considering performance outputs and outcomes. This measure provides a measure of each council's investment in economic development and tourism services, both in terms of capital projects and revenue costs.

Investment in economic development and tourism per 1,000 population

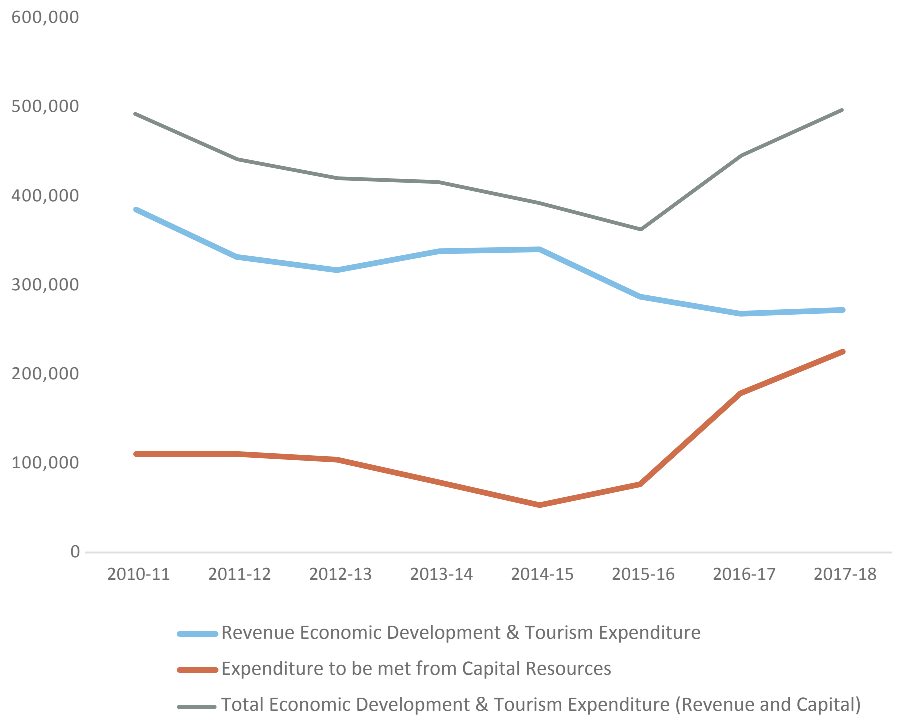
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2010-11 to 2017-198
£94,412	£83,926	£79,169	£78,194	£73,557	£67,395	£82,471	£91,806	11.3%	-2.8%

There has been a small reduction in economic development and tourism investment between 2010/11 and 2017/18 from £94,412 to £91,806 per 1,000, a reduction of 2.8%. This reflects a real terms growth in expenditure of 1.0%, against a population growth of 3.9%. Across the period, investment per 1,000 reduced by 28.6% between 2010/11 and 2015/16, before increasing by 36% in the past two years, including an 11% increase in the last 12 months.

This measure combines the costs of Economic Development and Tourism, with Economic Development accounting for over 90% of expenditure. Closer analysis reveals very different trends within these service areas. Across the period, Economic Development expenditure has grown by 2.8% in real terms, while Tourism has reduced by 27.8%. In the past 12 months, Economic Development expenditure has grown by 12.7%, while Tourism has reduced by 8.9%.

There has been significant capital investment in Economic Development and Tourism across this period as part of the current regional growth development programmes, including the Cities deals. While total expenditure has grown by 1.0% since the base year, there has been a 29.0% reduction in revenue funding, and a 105.5% growth in capital (from £109 million to £224 million). In the past 12 months, there has been a 1.9% growth in revenue expenditure and 25.7% growth in capital. As can be seen in the graph below, this has seen capital expenditure grow from 22% of total economic development expenditure to 45% between 2010/11 and 2017/18.

Economic development and tourism expenditure - revenue and capital (£)

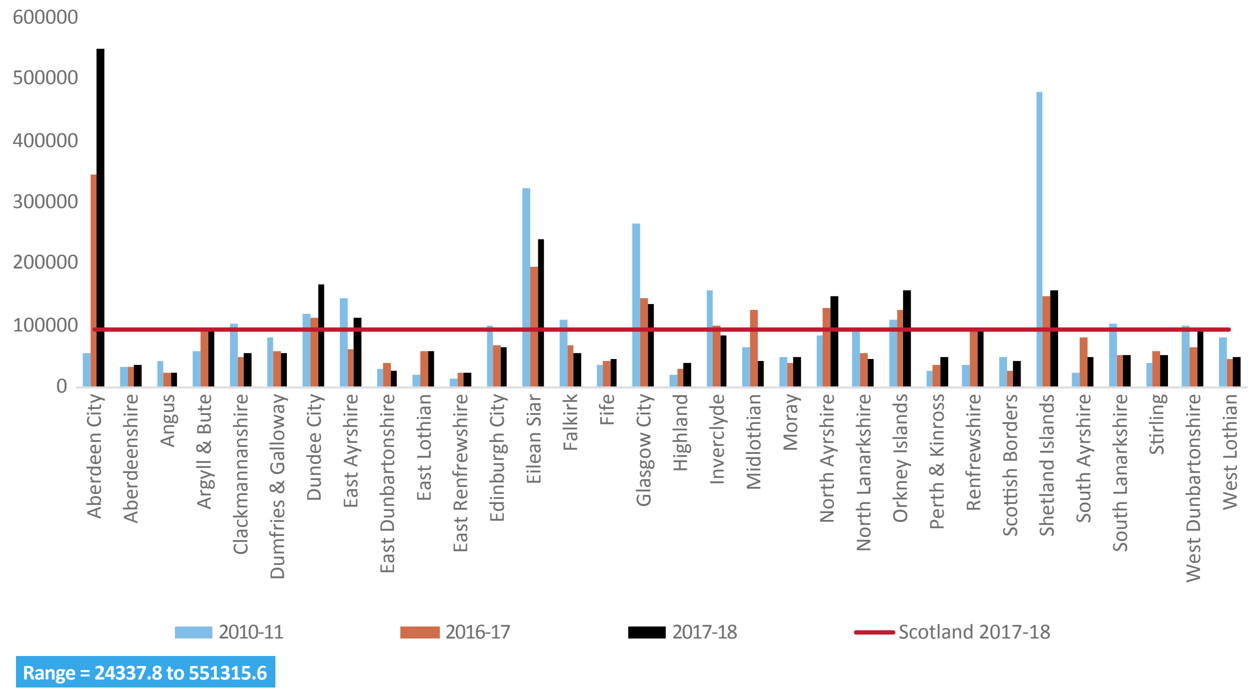


Source: Council supplied expenditure figures

Future post-Brexit uncertainty may impact adversely on Economic development funding. Currently, every £1 of council funding invested in economic development, levers an additional £1.71. EU funding makes up a significant element of this. The future demise of EU funding for the UK and its replacement by a, yet to be fully defined, 'Prosperity Fund' could affect council investment returns in this area, including the outputs/outcomes returned for our investment.

The graph below shows the significant variation between councils in economic development and tourism investment per 1,000. In 2017/18, investment ranged from £24,338 to £551,316 per 1,000. Variation has widened significantly in 2017/18 after narrowing in recent years. There is no significant relationship with rurality, deprivation or size of council.

Investment in economic development and tourism per 1,000 population (£)



Source: Council supplied expenditure figures

Employment

The second measure is the 'percentage of total unemployed people in an area assisted into work from council funded/operated employability programmes'. Most councils participate in employment-related support – either via direct provision and/or via funding delivery by third parties. Employability support is often delivered in partnership and this measure seeks to capture data on employability services where the council has either directly delivered and/or funded the intervention. The measure is an indication of the proportion of unemployed people in a council area that are participating in employability responses led or supported by the council, and in this sense, assesses the reach and penetration of the intervention. Currently this measure utilises part of the data submitted by councils as part of their annual Scottish Local Authorities Economic Development group (SLAED) return.

In 2017/18, the Scotland average for the percentage of unemployed people assisted into work from council funded/operated employability programmes was 14.4% of total unemployed. This reflects an increase from 9.1% in 2012/13, and a small increase from 14.0% in the past 12 months. While there has been a reduction in the total number of unemployed people assisted into work across the period (-14.6% since 2012/13 and –3.5% in the past 12 months), this has taken place against a much faster drop in the unemployment count, which reduced by 46.0% since 2012/13, and by 6.1% in the past 12 months.

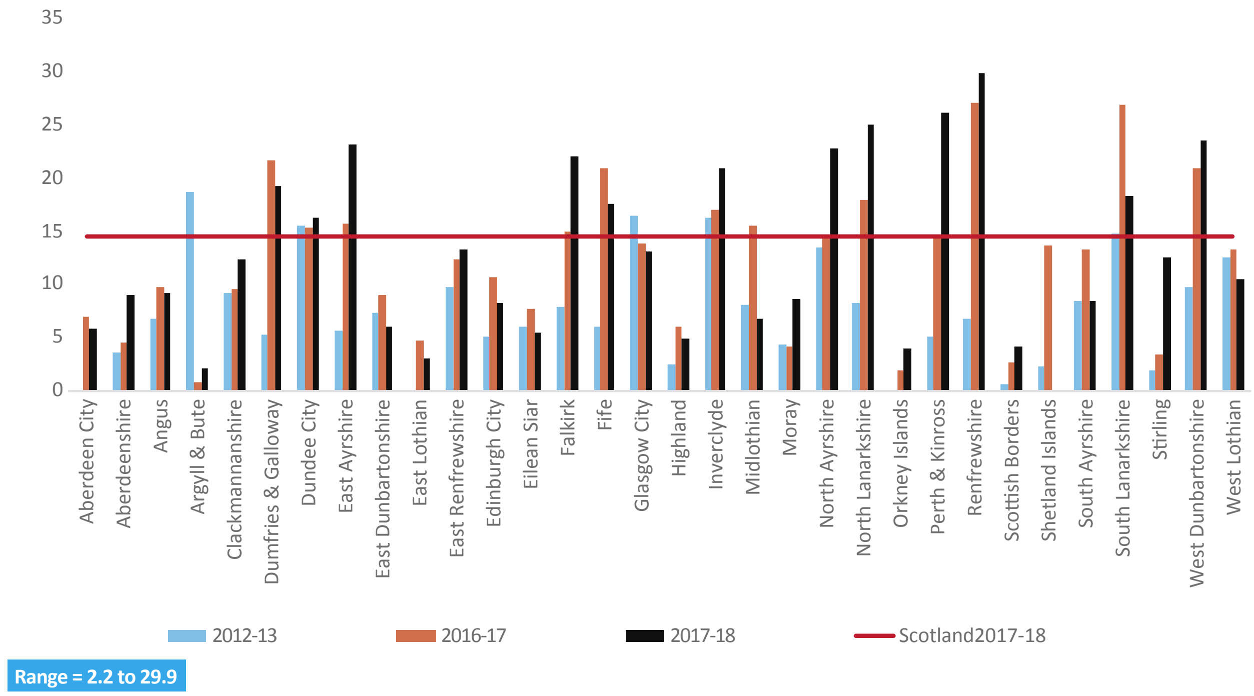
Percentage of unemployed people assisted into work from council funded employability programmes

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2012-13 to 2017-18
9.1	12.5	14.1	14.2	14.0	14.4	0.4%	5.3%

The improvement rate has levelled off since 2014/15. This trend may reflect a number of factors, including: the continuing focus on getting more long term workless people into work and the welfare changes that require these cohorts to undertake job search activities; the reduction in national funding for wage subsidy schemes; and improvements in the labour market that have removed some of the easier to assist persons from worklessness and left a residual group of harder to assist clients facing multiple barriers to employment who take longer to progress into work.

There is considerable and widening variation across councils, from 2.2% to 29.9%, with significantly lower rates for the least deprived councils compared to the most deprived (6.1% compared to 21.9%). Rural authorities also have lower rates than urban authorities (5.2%, compared to 16.4%), although this difference is not statistically significant.

Percentage of unemployed people assisted into work from council funded employability Programmes



Source: Model based estimates for unemployment, Office for National Statistics (ONS); SLAED Indicators Framework

Note: Missing values reflect no SLAED return for that year

Business support

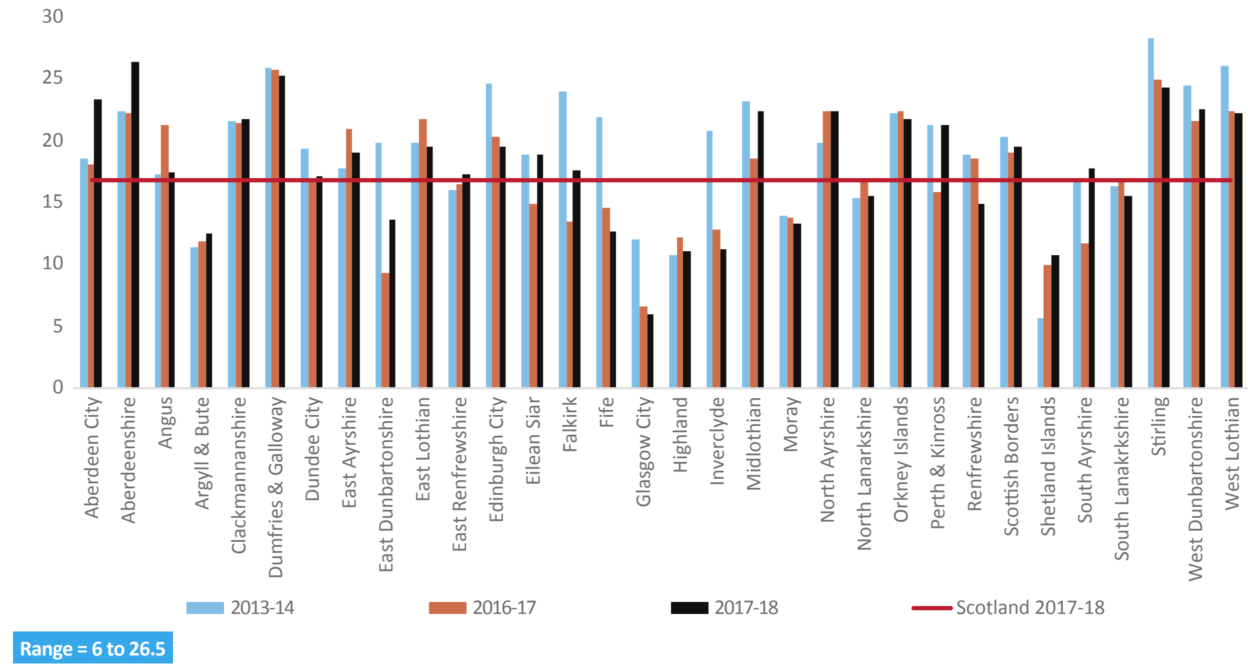
To capture wider economic development and reflect the significant investment in business development and support (e.g. Business Gateway), the benchmarking framework includes the number of Business Gateway start-ups per 10,000 population. The start-up rate has slowed from 19.0 in 2013/14 to 16.8 in 2017/18. This may reflect a longer-term strategic decision by some Business Gateway areas to focus a higher proportion of resources on supporting the growth and development of existing businesses as opposed to business start-ups. In areas where start-up numbers are good this may have greater job creating potential. The downward trend has levelled off since 15/16, with rates showing a very small increase in the past 12 months, from 16.6 to 16.8.

Number of Business Gateway start-ups per 10,000 population

2013-14	2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2013-14 to 2017-18
19.0	18.9	16.9	16.6	16.8	1.3%	-11.6%

The graph below shows the significant variation which exists across councils, which has remained constant since 2013/14. In 2017/18, start-up rates ranged from 6.0 to 26.5 with no systematic relationship with rurality, deprivation or size of council.

Number of Business Gateway start-ups per 10,000 population



Source: SLAED Indicators Framework; Annual Population Survey, ONS

Procurement

Procurement spend in local government accounts for a significant proportion of total spend. This measure focussing on the proportion of this spend which is targeted at local enterprises is an important indicator of the progress councils are making in delivering on their standing commitment to invest in their local economies and create employment.

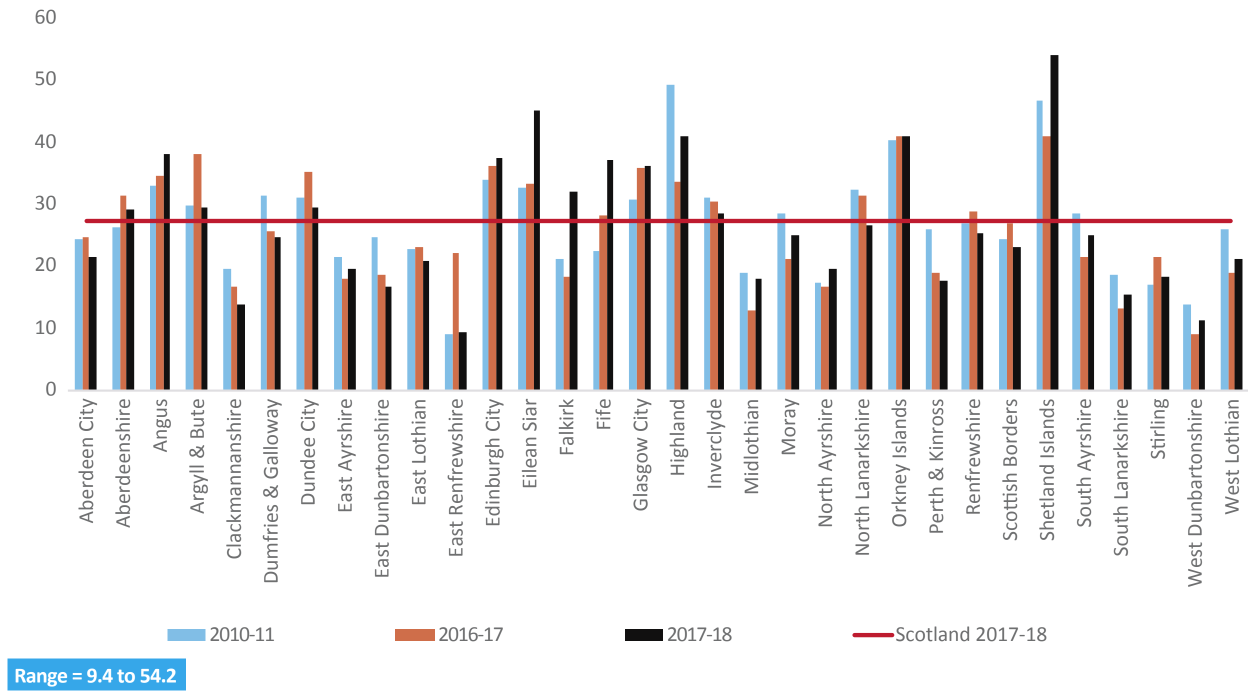
Proportion of procurement spent on local enterprises

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2010-11 to 2017-18
27.2	26.2	27.2	26.9	27.5	25.4	26.5	27.4	0.9%	0.2%

In 2017/18, the percentage of procurement spend on local enterprises was 27.4%. The trend has remained relatively stable since 2010/11, growing slightly in the past 2 years to return to 2010/11 levels after a small dip in 2015/16. Given the pressures on council budgets this is a positive outcome as it suggests that the drive to reduce costs has not resulted in local enterprises being displaced by national suppliers of goods and services. However, while the value of money spent locally has held up well, there has been an overall drop in the number of local suppliers. There has been a commitment in recent months for local government economic development and procurement professionals to work on joint initiatives to enhance the impact of local government procurement spend.

There is significant variation across councils in relation to procurement spend, ranging from 9.5% to 54.2%. The Islands and rural authorities report higher procurement spend on local enterprises than other authorities, with Island authorities all spending more than 40% locally.

Percentage of procurement spent on local enterprises



Source: Scottish Government Procurement Hub

Planning

Although spend on planning accounts for a relatively small amount of overall spend, this is a strategically important area in terms of the future development and use of land in our towns, cities and countryside. An efficient and well-functioning planning service plays an important role in facilitating sustainable economic growth and delivering high quality development in the right places. Within this framework, expenditure on planning includes spend on building control, development control, planning policy and environmental initiatives.

Two indicators are included here. A measure of spend on planning which is standardised per planning application and the average time taken to process commercial planning applications (Business and Industry applications).

Cost of planning per application

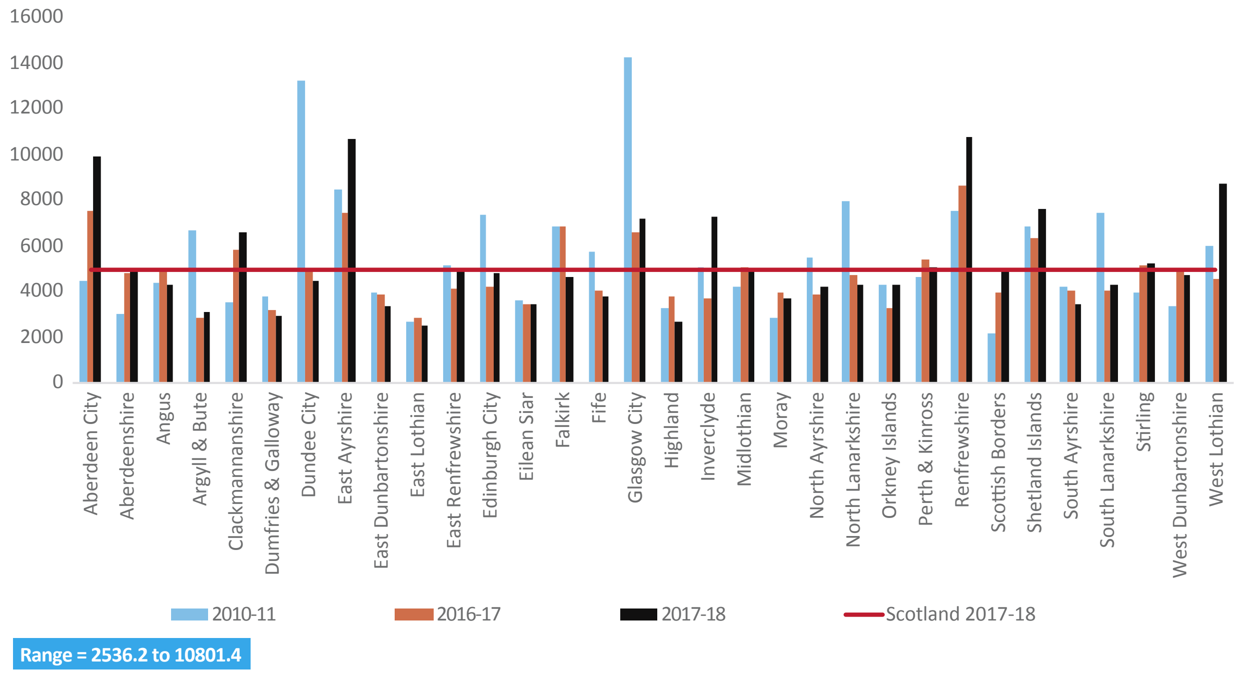
The cost of planning per application has fallen from £5,470 in 2010/11 to £4,819 in 2017/18, a real terms reduction of 11.9%. Although there have been fluctuations across the period, the trend represents a 33.8% reduction in gross expenditure and a 24.9% reduction in planning applications since 2010/11.

Cost per planning application

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2010-11 to 2017-18
£5,470	£5,284	£6,701	£4,719	£4,463	£4,998	£4,652	£4,819	3.6%	-11.9%

In the past 12 months, costs have increased by 3.6%, reflecting a 0.7% real growth in gross expenditure and a 2.8% reduction in planning applications. There is substantial and fluctuating variation in planning costs across Scotland, ranging from £2,536 to £10,801 in 2017/18. While rural authorities continue to spend less on average than urban and semi-urban authorities, this difference is no longer statistically significant (£4,268 compared to £4,718 and £4,619 respectively).

Cost per planning application (£)



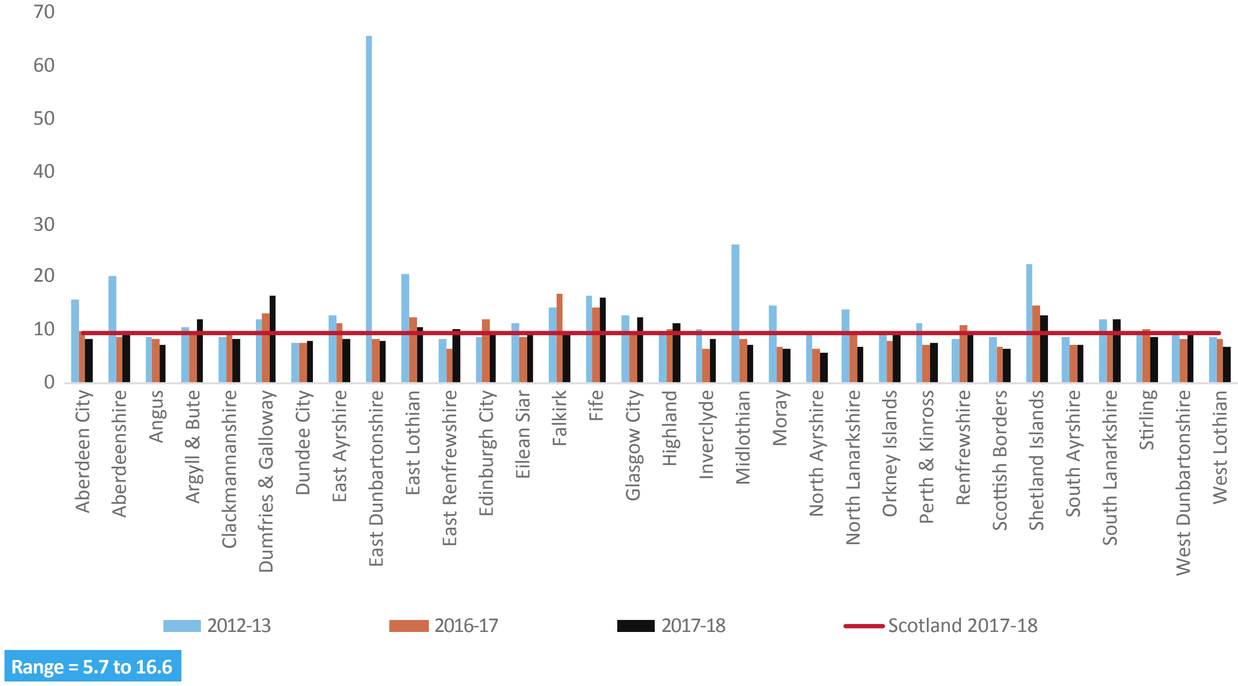
Source: Planning Authority Performance Statistics, Scottish Government; Council supplied expenditure figures

Average time per business and industry planning application

There has been a year on year reduction in the average time per business and industry planning application since 2012/13. In 2017/18 the average time taken was 9.3 weeks, compared to 14 weeks in 2012/13, a 33.3% reduction. During this time, there has been a 36% reduction in the number of business and industry planning applications (reducing from 2,531 down to 1,609).

In the last 12 months, the average time taken per application has fallen by 2.6% from 9.6 weeks to 9.3 weeks. There is significant variation between authorities however, although this is narrowing over recent years. In 2017/18, the time taken ranged from 5.7 weeks to 16.6 weeks, with no statistically significant relationships with deprivation, rurality or size of council.

Average time per business and industry planning application (no. of weeks)



Source: Planning Authority Performance Statistics, Scottish Government

Available employment land

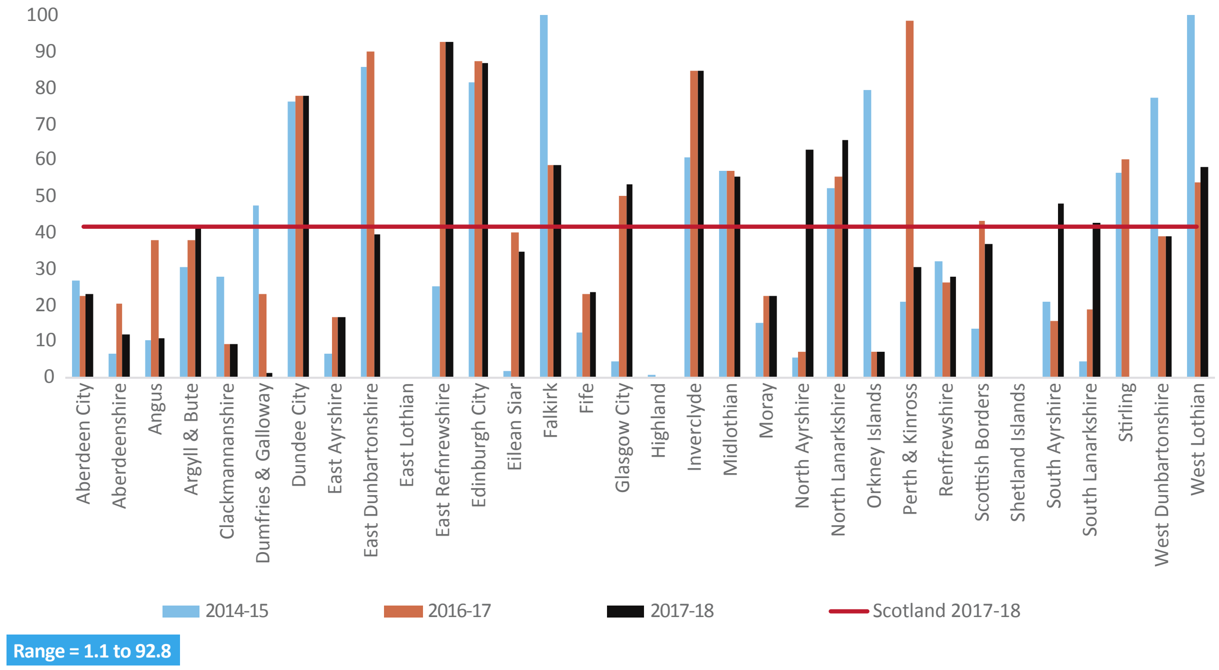
The availability of land for development is a significant factor that affects local economic growth and it falls within councils' local development planning powers to influence this. This is included in the framework for the first time in 2017/18 and is standardised as immediately available land as a % of total land allocated for employment purposes in the local development plan. Immediately available land is land which is serviced and marketed as opposed to simply being designated for employment use. This measure utilises data submitted by councils as part of their annual SLAED return.

Immediately available employment land as a percentage of total land allocated for employment purposes in the local development plan

2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2014-15 to 2017-18
12.9	27.2	38.4	40.8	2.4%	27.9%

Since 2014/15, there has been significant and year on year growth in the Scotland average for availability of employment land, from 12.9% to 40.8%. However, there is very significant variation across councils, ranging from 1% to 93% in 2017/18. As a newly introduced measure, further work will be undertaken with local authorities to ensure consistency of reporting in relation to this indicator.

Immediately available employment land as a percentage of total land allocated for employment purposes in the local development plan



Source: SLAED Indicators Framework

Town vacancy rates

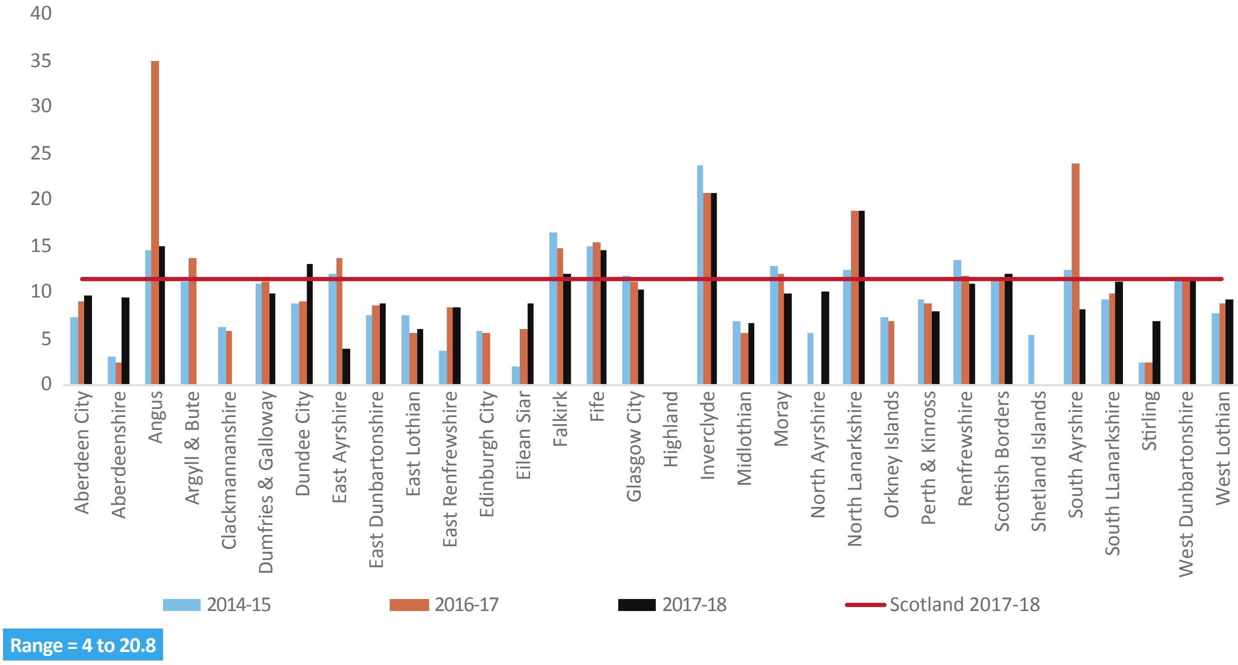
The vibrancy of town centres is a strategic priority for Economic Development and Planning Services. An important measure of the extent to which town centre management / regeneration policies and initiatives are working is the level of vacant units within town centres. A new measure in the framework for 2017/18 is a measure of vacant commercial units as a percentage of total units for the local authority's key town centres. Towns should have a population of at least 5,000 people. This indicator does not include edge of town and out of town retail units. Data for this measure is submitted by councils as part of their annual return under the SLAED Indicators Framework and is available from 2014/15 onwards.

Town vacancy rates

2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2014-15 to 2017-18
10.1	11.9	10.2	11.5	1.3%	1.4%

The Scotland figure for town vacancy rates has remained relatively constant since 2014/15. In 2017/18, an average of 11.5% of town centre properties were vacant across Scotland. The graph below shows the significant but narrowing variation across councils, with vacancy rates ranging from 4.0% to 20.8% in 2017/18.

Town vacancy rates (%)



Source: SLAED Indicators Framework

Proportion of properties receiving superfast broadband

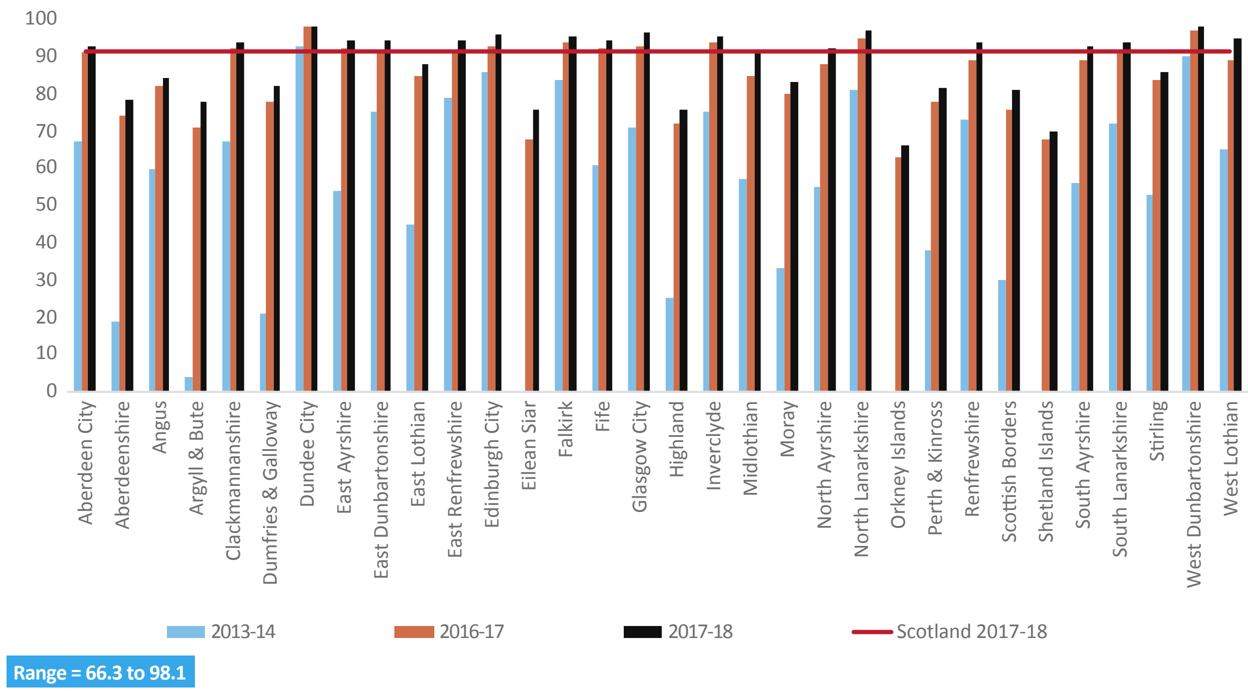
Access to good digital infrastructure is a key driver of economic competitiveness and productivity. Local authorities have a role alongside telecoms companies in facilitating and enabling the development of effective digital infrastructure and this newly introduced indicator measures the impact of this work. The data from this measure is taken from the Ofcom Connected Nations Report and is available from 2013/14 onwards.

Proportion of properties receiving superfast broadband

2013-14	2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2013-14 to 2017-18
56.1	67.5	78.6	85.9	91.1	5.2%	35.0%

Access to superfast broadband has grown significantly across Scotland, with the Scotland figure increasing from 56.1% to 91.1% between 2013/14 and 2017/18. The variation between councils has narrowed significantly across the period, although is still substantial with figures ranging from 66.3% to 98.1% in 2017/18. Rural authorities have significantly lower rates of access than urban and semi-urban authorities, 77.7% compared to 95.8% and 93.3% respectively.

Proportion of properties receiving superfast broadband (%)



Source: Ofcom Connected Nations Report

Proportion of people earning less than the living wage

Inclusive growth is a central part of the government's economic strategy and local authorities are important partners in the drive to reduce income inequality. Economic Development Services play an important role in this through supporting people to develop the skills to progress in the labour market, by attracting higher value employment opportunities and by encouraging employers to pay the living wage. A measure of the % of employees earning below the living wage allows for the impact of interventions in addressing low pay to be monitored. Data for this new framework measure comes from the Annual Survey of Hours and Earnings published by the Office for National Statistics (ONS), with figures available from 2012/13 onwards.

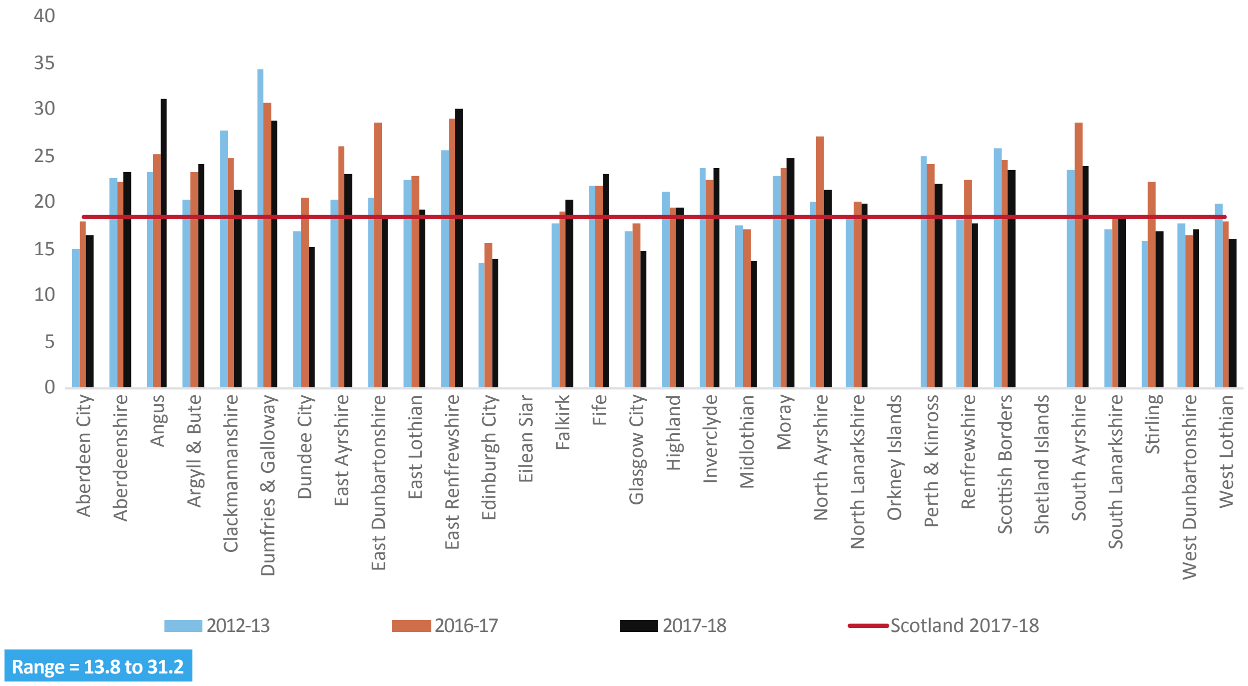
Proportion of people earning less than the living wage

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change 2016-17 to 2017-18	Change 2012-13 to 2017-18
18.8	18.6	19.3	19.6	20.1	18.4	-1.7%	-0.4%

The proportion of people earning less than the living wage in 2017/18 was 18.4%, a similar level to 2012/13. The proportion rose to a peak of 20.1% in 2016/17 and has shown a 1.7 percentage point reduction in the past 12 months.

The graph below shows the significant variation across councils, ranging from 13.8% to 31.2% in 2017/18. This level of variation has remained constant since 2010/11, with urban authorities showing a significantly lower proportion of people earning less than the living wage. In 2017/18, the average proportion for urban authorities was 17.2% compared to 23.4% in rural authorities, and 22.2% in semi-rural.

Proportion of people earning less than the living wage



Source: Annual Survey of Hours and Earnings, 2018, ONS