

PERTH AND KINROSS COUNCIL

27 April 2022

ECONOMIC WELLBEING PLAN – PROGRESS REPORT

Report by Head of Planning and Development

(Report No. 22/105)

1. PROGRESS

- 1.1 This report provides an update on the delivery of actions within the Economic Wellbeing Plan. The plan was co-produced in the spring of 2021 by a Taskforce set up to help economic recovery as a result of the impact of Covid-19. It also outlines the Scottish Government's new National Strategy for Economic Transformation, which provides a new context for economic development delivery that the Council and partners will have to consider.

2. RECOMMENDATIONS

- 2.1 It is recommended that Council:
- (a) notes the good progress made to date in implementing the Economic Wellbeing Plan with 34% of the existing actions, excluding the new actions added for 22/23, on target and delivering positive outcomes.
 - (b) notes that £1.14M of non-recurring expenditure to support further economic recovery has been provided by the Council in 2022/23
 - (c) requests that the Economic Wellbeing Taskforce reviews the plan to provide reassurance that it is delivering against the current and future economic needs, and that it reflects the new National strategy for Economic Transformation, and refresh, as necessary.
 - (d) requests that the Economic Wellbeing Taskforce continues to seek to secure external funding wherever possible, or re-direct existing resources to help to fund any new actions required.

3. BACKGROUND

- 3.1 The Council approved an Economic Wellbeing Plan at its meeting on 31 March 2021 (Report No. 21/37 refers). The Plan was co-created with the members of the Economic Wellbeing Taskforce set up at the onset of the Covid-19 pandemic. The Economic Taskforce continues to monitor progress and to review the economic impact of the pandemic.
- 3.2 The approved plan named 73 actions under three broad headings of People (17 actions), Business (27 actions) and Place (29 actions). Good progress has been made in progressing the majority of these, although some remain unfunded and subject to review. In terms of a RAG rating, it is estimated 32% of projects are currently assessed as Green (underway and progressing to schedule); 47% rated Amber (started but some issues/delays); and 21% as Red (not started due to specific issues or no funding to progress).

- 3.3 In addition to delivering actions contained in the plan, over the past year, the Council has continued to support businesses and individuals in a wide range of other ways, including:
- chairing and coordinating the Economic Wellbeing Taskforce which, in addition to the Council, comprises the Perthshire Chamber of Commerce, Business Gateway, Growbiz, Federation of Small Businesses, Department for Work and Pensions, Skills Development Scotland, Perth College UHI, PKAVS, Perthshire Tourism Partnership, Perth City Leadership Forum and the Perth Traders' Association. Three sub-groups were set up to monitor and co-ordinate delivery of actions.
 - continuing to administer and pay out multiple Scottish Government business grants totalling £85.5 million to more than 7000 businesses.
 - continuing to publish a regular Business Bulletin which is circulated to over 1000 businesses.
 - monitoring the local economy to assess the current economic situation and impact of Covid.
 - re-establishing the Local Employability Partnership to oversee local employability and skills delivery, including the monitoring of the significant support provided by Scottish Government through both the No one Left Behind and Young Persons Guarantee grants.
- 3.4 An update on all actions within the approved Economic Wellbeing Plan is detailed at Appendix 1. As agreed by Council, these represent a wide range of interventions that economic development practitioners across the partnership believe are needed to help the local economy recover. They include short-term response measures supporting business survival and keeping people in employment (now mainly complete) ; medium-term measures extending support to key sectors with catalytic investment projects to generate employment and confidence; and longer-term measures geared towards the decarbonisation and digitisation of the economy.
- 3.5 The overall cost of delivering the Economic Wellbeing Plan between now and 2024 was estimated to be in the order of £490m (with some capital expenditure beyond 2024). This is broadly allocated as follows:
- People actions (£15m)
 - Business actions (£250m)
 - Place actions (£225m)
- 3.6 The capital expenditure identified in the plan is already largely secured through the Council's current budget, the Tay Cities Deal and other sources. Additional funding was secured through this year's revenue budget for:
- Get Into Care – Recruitment & Training Programme (£200K)
 - Eco Innovation Park – revenue to support borrowing costs (£90K)
 - Additional funding for Support for Businesses/Micro Grants (£150K)
 - Additional funding for Business Accelerator Programme (£100K)
 - Additional funding for the Adapt Your Property Grants Scheme (£300K)
 - Additional funding for the Open for Business Fund (£200K)
 - Additional funding for Growbiz (£100K)

- 3.7 The Task Force partners will continue to endeavour to secure as much external funding as possible. One example was £105K secured this year from the UK Government's Community Renewal Fund to support a Training Programme delivered by Perth Autism and Perth College UHI on Neurodiversity and Cyber Security Skills. Further funding opportunities will be pursued via the new proposed Shared Prosperity Fund and through bids for any other funds that are appropriate.
- 3.8 Looking back over the first year of the Plan and delivery of actions, the three sub-groups have highlighted several Successes, Challenges and Opportunities under each theme.

4. REVIEW OF ECONOMIC WELLBRING PLAN ACTIONS PROGRESS

4.1 People Actions Review for 2021/11

Key Successes

- Significant number of individuals supported into work via Employment Incentives:
 - PKC Rural Incentive – 23 into work
 - Young Persons Guarantee Incentive – 90 into work
 - NOLB/Adult Wage Incentive – 15 into work
 - Four new Adult Skills Academies delivered in partnership with private sector & Perth College UHI
 - HGV/LGV driving course
 - Digital Skills
 - Hospitality
 - STEM/Green Skills
 - 83 young people supported by Youth Work and 21 moved into positive destinations
 - New Parental Employment Support Programme in place supporting 36 clients to date.

Challenges

- Late notification of Scottish Government Employability Grant Support, delaying design and delivery of actions
- Key local sectors are struggling to recruit into available vacancies – including Care, Health, Distribution, and Hospitality
- Staff workload pressures.

Opportunities

- High number of local vacancies
- Additional financial resources provided by Scottish Government/UK Government

4.2 Business Actions Review for 2021/22

Key Successes

- Provision of emergency financial support to local businesses impacted by Covid restrictions, £85.5m distributed to more than 7,000 businesses through different schemes.

- Provision of business support to start-ups and businesses willing to grow:
 - Business Gateway: 185 business start-ups and 87 business growth, 62 businesses attending workshops and 114 attending digital boost workshops.
 - GrowBiz: 30 business start-ups, enhanced mentoring programme with 20 new mentors trained.
 - Accelerator: 12-week programme to encourage and support business creation and innovation in food and drink/creative industries/engineering/clean tech.
 - Advanced Growing and International Barley Hub

Challenges

- On-going Covid restrictions impacting on mobilising resources and potentially slowing down recovery
- Restrictions to export markets beyond Scotland due to Covid and EU Exit
- Greater Covid impact on hospitality sector with slower recovery
- Delayed business and capital investment
- Digitalisation of the economy increasing competition
- Technological changes such as Artificial Intelligence development threatening business prospects and jobs

Opportunities

- Digitalisation of the economy increasing access to markets
- Development of goods and products to meet Net Zero targets
- Increased staycation market
- Public investment in key infrastructure

4.3 Place Actions Review for 2021/22

Key Successes

- Business occupation of space - support for business to occupy public space on a temporary basis. The total number of approved requests is 51 (13 in towns and rural locations, 38 Perth city centre) since the launch of the scheme in 2020, with the scheme extended to March 2022 for occupation without the need for planning permission. Applications for permanent occupation of space from businesses have now been submitted given customer popularity, investment in materials, and the opportunity to contribute to greater vibrancy of the city and town centres.
- Marketing of local services – in line with the national “Scotland Loves Local” initiative, a series of marketing campaigns were undertaken to provide a platform for local businesses. This included Christmas campaigns in 2020 and 21 with a printed “Gift Guide” featuring over 100 independent businesses distributed to over 70K homes in Tayside & Fife. This has led to increased local expenditure in independent shops, greater on-line sales locally, and improved financial performance.
- Vacant and Commercial Property Adaption and Improvement – implementation of Adapt Your Property and Open for Business Grant schemes to support property owners to develop new uses for property or improve existing commercial premises. 13 applications approved through Adapt Your Property fund has resulted in 8 commercial properties being brought back into use and a further 5 properties being converted from

commercial to residential. 14 Vacant Property Feasibility grants were allocated, which has resulted in 23 residential properties, 7 commercial properties and 2 community properties being brought back into use. 51 premises supported by the Open for Business Fund in 2021/22.

- Visitor management – greater co-ordination of Council and partner agencies' efforts in developing responses to visitor pressures through ranger services, enhanced waste services, and funding support for infrastructure secured through the Scottish Government's Rural Tourism Infrastructure Fund for three projects at Aberfeldy, Grandtully, and Loch Leven. Further details on outcomes achieved are contained within the Case Study within Appendix 2.

Challenges

- The “stop / start” nature of lockdown restrictions has presented challenges for businesses in respect of marketing communications, with messaging and audience reach having to be adapted and curtailed, as necessary. The implementation of marketing campaigns to local and regional markets, and those undertaken in association with VisitScotland were impacted in this way.
- The release from lockdown also saw significant visitor related pressures being experienced by our rural communities with associated strain on visitor infrastructure. This persisted through 2021 although ameliorated by concerted and co-ordinated efforts by the Council and its partners. It is envisaged, however, that growth in the motorhome market, for example, will continue, with further investment needed in waste disposal, toilet facilities and appropriate stop over and parking facilities.
- International tourism markets are unlikely to return to 2019 values before 2024.
- Worsening outlook for city centre retail in the context of national trends for closures by multiples (e.g., Debenhams) as well as lower consumer confidence and discretionary spend.

Opportunities

- Domestic tourism market recovery and desire for consumer markets to experience rural tourism destinations.
- Place based investment to support economic recovery, including a continued focus on adaptation of commercial property in city and town centres, and emergence of the “20 minute” neighbourhood” agenda of localism.
- Investment in cultural tourism assets through the Tay Cities Deal: City Hall; Pitlochry Festival Theatre; Aerospace Kinross; Innerpeffray Library; and Crieff International Highland Centre.

Further progress updates on all the original Wellbeing Plan actions are provided at Appendix 1 attached.

5. CURRENT ECONOMIC CONTEXT

- 5.1 The latest Fraser of Allander [Economic Commentary](#) (Dec.21) predicted economic growth of 6.4% in 2021 and 4.7% in 2022, with the Scottish economy expected to get back to pre-pandemic levels in May 2022. However,

there are a number of significant challenges which will impact on economic growth going forward, such as rising inflation due to increasing energy prices, escalating transport and food costs as well as the instability caused by the war in Ukraine. All of this will put significant pressures on local businesses and families.

- 5.2 The Economic Wellbeing Plan noted concerns that unemployment would rise sharply when the Furlough Scheme ended last October, although this has not been the case. However, there are signs Scotland may be recovering more slowly than the UK, with both output and earnings lagging behind. The labour market overall is performing better than expected, with job vacancies now reportedly at their highest levels since records began.
- 5.3 At a Perth and Kinross level, unemployment based on those claiming Job Seekers Allowance has continued to fall from a peak during the pandemic of 4595 (5%) in August 2020 to 2565 (2.8%) in January 2022. This is nearly back to the pre-pandemic level of 1860 or 2% in March 2020. The highest % rise during the pandemic was for the 18-24 age group which saw a rise from 345 (3.3%) individuals in March 2020 to 1005 (9.7%). Universal Credit claimants (which will include some in work claimants) have significantly increased during the pandemic from 4968 in February 2020 to 9501 in January 2022 (+91%). Of these, 5524 are not in employment (+70%), and 3979 are in employment (+131%). The number of our tenants receiving Universal Credit for housing support has risen by 108% since March 2020, with 32% of these tenants now in arrears.
- 5.4 The table below provides a summary of economic activity before, and during, the peak of the pandemic. Overall, the numbers of those economically active have declined quite significantly (-8.7%), with the biggest change being a 40% decrease in the numbers self-employed in Perth & Kinross. The self-employed were particularly hard hit by Covid restrictions and lockdowns. Research shows that many reported working significantly less hours and receiving less income or have become economically inactive. This is a national trend; however, the numbers in Perth and Kinross have been impacted more significantly.

Economic Activity	Jan-Dec 2019	Scot. %	Oct.20 – Sept. 21	% Scot
Total Economically Active	82,000 (85.3%)	77.5%	74,900 (77.6%)	76.1
In Employment:	80,200 (83.4%)	74.8%	72,100 (74.6%)	72.9
• Employees	63,900 (68.3%)	65.8%	62,200 (66%)	65
• Self-Employed	15,800 (14.8%)	8.8%	9,500 (8.7%)	7.7
Unemployed	1,900 (2.3%)	3.5%	2,600 (3.4%)	4.2

- 5.5 In terms of average earnings, Perth and Kinross residents have seen a relative year on year decline compared with Scotland as a whole, further evidence of the need to diversify the economy over time to create more higher skilled, higher paid job opportunities.

	Earnings by Residence/gross weekly pay (source: ONS Annual Survey of Hours & Earnings)		
	Perth & Kinross (as % of Scotland)	Scotland	GB
2018	£569.80 (101%)	£562.70	£570.50
2019	£566.40 (98%)	£578.30	£587.50
2020	£571.00 (96%)	£595.00	£587.40
2021	£574.90 (92.4%)	£622.00	£613.10

6. NEW NATIONAL STRATEGY FOR ECONOMIC TRANSFORMATION

- 6.1 Since the Economic Wellbeing Being Plan was published, a new National Strategy for Economic Transformation has been produced by the Scottish Government. A summary of this is outlined below.
- 6.2 An Advisory Council for Economic Transformation was created by the Scottish Government in July 2021 to develop a new [National Strategy for Economic Transformation](#). Following extensive engagement with businesses, unions, and other stakeholders, the strategy was published on 1 March 2022 and sets out an ambitious vision with a focus on five key policy programmes. The full document sets out six programmes, including 18 projects and 77 actions in total.
- 6.3 The vision for Scotland in 2032 is a wellbeing economy: thriving across economic, social, and environmental dimensions, one that delivers economic prosperity for all Scotland's people and places.
- 6.4 When the vision is achieved, Scotland will be recognised at home and throughout the world as:
- an international benchmark for how an economy can de-carbonise
 - the best place to start and grow a business or social enterprise
 - a magnet for inward investment
 - a great place to live and work with high living standards
 - a nation where people and businesses can continually upgrade their skills
 - a leader in research and development
 - a country where economic power and opportunity is distributed fairly
 - an outward looking nation exerting a meaningful influence
- 6.5 The five key policy programmes are highlighted below and are underpinned by a 6th strand focussed on delivery and accountability.



6.6 The key priorities under each programme are summarised below: -

Programme 1 – Entrepreneurial People and Culture

- Entrepreneurial Learning
- Entrepreneurial Infrastructure to support Learning and Company Growth
- Talent Attraction
- Building an Entrepreneurial Mindset

Programme 2 – New Market Opportunities

- Build on strengths to win a greater share of domestic & international market opportunities
- Support the development of Scottish supply chains, laying foundation for a net zero industrial strategy
- Attract and develop significant domestic & international private investment in Scotland

Programme 3 – Productive Businesses and Regions

- Improve connectivity infrastructure and digital adoption across the economy
- Upskill business and public sector leaders, driving productivity improvements
- Realise the potential of different economic and community assets and strengths of Scotland's regions

Programme 4 – Skilled Workforce

- Adapt the Education and Skills system to make it more agile and responsive to our economic needs and ambitions
- Support and incentivise people and employers to invest in skills and training
- Expand Scotland's available talent pool at all skills levels

Programme 5 – Fairer and More Equal Society

- Tackle Poverty through fairer pay and conditions
- Eradicate structural barriers to participation in the labour market

Programme 6 – A Culture of Delivery

- Strengthen accountability and transparency
- Transform the way support is delivered to people and businesses
- Measure success

6.7 A review of our current Economic Wellbeing Plan against the new National Strategy shows that it compares well in terms of coverage of the six key programmes or policy areas. However, our current Plan would benefit from further actions to address the NSET programme 5 which seeks to address a "Fairer and More Equal Society" tackling fairer pay and barriers to participation in the labour market. This would link clearly to our new Local Outcome Improvement Plan which seeks to target poverty and equalities as one of its key challenges. The Taskforce are requested to review and add any other actions required once the LOIP has been agreed by the Community Planning Partnership.

7. CONCLUSIONS

7.1 The Economic Wellbeing Plan sets out the Council and its partners' proposed response to the economic downturn and recession caused by Covid19. Good progress has been made in the first year of implementation. Further resources have been secured to support its on-going implementation and to develop new projects. The Economic Taskforce continues to meet to review progress and to consider new actions required. The Plan will need to be kept under

constant revision to ensure it includes any new actions or changes required as a result of the new National Strategy for Economic Transformation, and in terms of addressing continuing challenges faced by the local labour market and businesses.

Author

Name	Designation	Contact Details
Alison Seggie	Service Manager/Employability, Skills and Special Projects	ComCommitteeReports@pkc.gov.uk 01738 475000

Approved

Name	Designation	Date
Barbara Renton	Executive Director (Communities)	13 April 2022

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	YES
Corporate Plan	YES
Resource Implications	
Financial	YES
Workforce	NO
Asset Management (land, property, IST)	YES
Assessments	
Equality Impact Assessment	YES
Strategic Environmental Assessment	YES
Sustainability (community, economic, environmental)	YES
Legal and Governance	YES
Risk	YES
Consultation	
Internal	YES
External	YES
Communication	
Communications Plan	YES

1. Strategic Implications

Community Plan/Single Outcome Agreement

- 1.1 The proposals within the report will support the delivery of the Perth and Kinross Community Plan in terms of the following priorities: -

- (iii) Promoting a prosperous, inclusive and sustainable economy
- (v) Creating a safe and sustainable place for future generations

Corporate Plan

- 1.2 The proposals within the report will support the delivery of the following Council's Corporate Plan priorities: -

- (iii) Promoting a prosperous, inclusive and sustainable economy.
- (v) Creating a safe and sustainable place for future generations.

2. Resource Implications

Financial

- 2.1 There are significant financial implications to implement the Economic Wellbeing Plan. Some additional new projects and actions have been identified for which no budget is currently available. The proposals included within the Wellbeing Plan will be funded from a variety of sources, Council and partner budgets and from external funding sought and received.

Workforce

- 2.2 The recommendations in this report do not have any direct implications for the Council's workforce. However, it is likely that some staff may be required to undertake different duties to allow implementation the Economic Wellbeing Plan.

Asset Management (land, property, IT)

- 2.3 There are no direct Asset Management implications arising from this report. However, some potential actions in the plan could have implications for Council assets.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as not relevant for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:
- in the way best calculated for delivery of the Act's emissions reduction targets.
 - in the way best calculated to deliver any statutory adaptation programmes; and,
 - in a way that it considers most sustainable.

- 3.6 The proposals have been assessed against the Council's Principles for Sustainable Development and it is considered that all the proposals outlined would support the achievement of sustainable development.

Legal and Governance

- 3.7 The Head of Legal and Governance has been consulted on the report and has indicated agreement with the proposals.

Risk

- 3.8 The key risks associated with the proposals presented in the report relate to our, and our delivery partners, abilities to implement approved projects successfully and to deliver the required outcomes for our businesses and local people.

4. Consultation

Internal

- 4.1 The Executive Director (Communities), the Chief Operating Officer, the Head of Finance, and the Head of Legal and Governance have been consulted in the preparation of this report.

External

- 4.2 The Economic Wellbeing Taskforce has been consulted in the preparation of this report.

5. Communication

- 5.1 The agreed proposals will be communicated to all appropriate parties including external organisations receiving Town Centre Fund/Place Based Investment Programme grant awards.

2. BACKGROUND PAPERS

Report No. 21/37

Appendix 1 – Economic Wellbeing Plan Action Updates

Appendix 2 - Case Studies