

REPORT TO: Policy and Performance Review Committee

MEETING DATE: 27 February 2019

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: The East Lothian Community Planning Economic Development Strategy 2012-22, refresh

1 PURPOSE

- 1.1 To outline the key points and changes from the refresh of the East Lothian Community Planning Economic Development Strategy (EDS) 2012-22.

2 RECOMMENDATIONS

- 2.1 To note the contents of this report and the approval mechanisms followed.

3 BACKGROUND

- 3.1 The EDS was developed in 2012 by the Training & Employment Research Unit at the University of Glasgow and involved extensive desk research, workshops with staff, businesses and stakeholders and in-depth interviews with key personnel. The process was led by the (then) Sustainable Economy Partnership. Alignment with national and local strategies was clearly outlined.
- 3.2 With changed national circumstances – such as BREXIT – and a new Local Development Plan and East Lothian Partnership Plan then being finalised, the time was opportune to refresh the EDS and work commenced December 2017.
- 3.3 EKOSGen was commissioned to undertake this refresh and although not to the scale of the initial strategy development in 2012, the contract allowed for desk research, production of the Local Economic Assessment and State of Play reports, a number of workshops with the (now) Connected Economy Group and comprehensive industry and stakeholder engagement.

- 3.4 The State of Play report, attached as Annex 1, provides a comprehensive analysis of progress achieved and outlines the key national and local policy changes, challenges and opportunities and this analysis strongly influenced the consultation discussions and final reports.
- 3.5 East Lothian Council purchased the former Cockenzie Power Station site in April 2018 and the Edinburgh and South East Scotland City Region Deal was formally agreed in August 2018 (including the Queen Margaret University Food and Drink Innovation Hub, Blindwells and the Integrated Regional Employability and Skills Programme). These are key economic development opportunities and the EDS highlights them as such. Other opportunities include the allocation of substantial economic land within the East Lothian Local Development Plan 2018 as adopted and the re-use of redundant public sector assets. Exploiting all emerging and new opportunities will be key to successful delivery.
- 3.6 The Strategic Goals, namely to increase the number of businesses with growth potential and to increase the proportion of East Lothian residents working in and contributing to East Lothian's economy, have been summarised to become a clear focus on **BUSINESSES** and **JOB**S.
- 3.7 There have been adjustments to the wording of the Strategic Objectives:
- To be the best place in Scotland to set up and grow a business **becomes**
to be the best connected place in Scotland to set up and grow an innovative business
- To be Scotland's leading coastal, leisure and food & drink destination*
- To build on our proximity to Edinburgh encouraging study, work and spend in East Lothian **becomes**
to explore and develop regional opportunities to support economic development and to encourage study, work, investment and spend in East Lothian
- To provide high employment pathways for East Lothian's workforce*
- To become Scotland's most sustainable local economy **becomes**
to become Scotland's most sustainable and digitally-connected local economy
- 3.8 Accompanying the refreshed EDS is a comprehensive action plan setting out priorities and actions with lead delivery assigned to council services and partners, as appropriate. The Monitoring & Evaluation Framework provides for progress to be monitored and reported-on via a number of mechanisms and by services and partners. Both documents are encapsulated as Annex 2.
- 3.9 The EDS will guide economic interventions, priorities and expenditure focus of East Lothian Council and its partners. The EDS and revised approach were approved at a meeting of the Cabinet on 13 November and by the East Lothian Partnership Governance Group on 27 November and lodged in the Members' Library Service in January 2019.

4 POLICY IMPLICATIONS

- 4.1 Strategic context for economic development interventions

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 An integrated impact assessment was carried out on the revised Economic Development Strategy and its proposed actions. There were no negative impacts identified although it was noted that the refreshed Economic Development Strategy is a strategic document and the seven individual workstreams detail activity to meet strategic priorities and objectives meaning that acknowledgement and addressing any negative impacts will be contained within these.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – in line with approved budget
- 6.2 Personnel - none additional
- 6.3 Other -

7 BACKGROUND PAPERS

- 7.1 The East Lothian Community Planning Economic Development Strategy 2012-22 State of Play report – Annex 1
- 7.2 The East Lothian Community Planning Economic Development Strategy 2012-22 Executive Summary – Annex 2
- 7.3 The East Lothian Community Planning Economic Development Strategy 2012-22 Action Plan and Monitoring & Evaluation Framework – Annex 3
- 7.4 The East Lothian Community Planning Economic Development Strategy – Annex 4
- 7.5 East Lothian Current and Future Skills Demand (Skills Development Scotland), RSA Infographic 2018 – Annex 5

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East Lothian Partnership

**East Lothian Economic Development Strategy:
State of Play Report
for
East Lothian Council**

January 2018

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1 Purpose of the report

1.1 The review and refresh of East Lothian’s Economic Development Strategy (EDS) has been driven by substantial changes in the policy context at UK, Scotland, regional and local level in recent years. ekosgen has been commissioned by East Lothian Council (ELC) to undertake this review and refresh, and deliver a revised EDS for East Lothian.

1.2 This concise report provides an overview of the strategic goals, objectives and projects of the existing EDS, and sets out the progress that has been made against these to date. It then sets out the current policy context for economic development in East Lothian, highlighting important areas of change since the publication of the EDS in 2012 at UK, Scottish, regional and local level. It also identifies strategically important existing programmes and interventions in East Lothian.

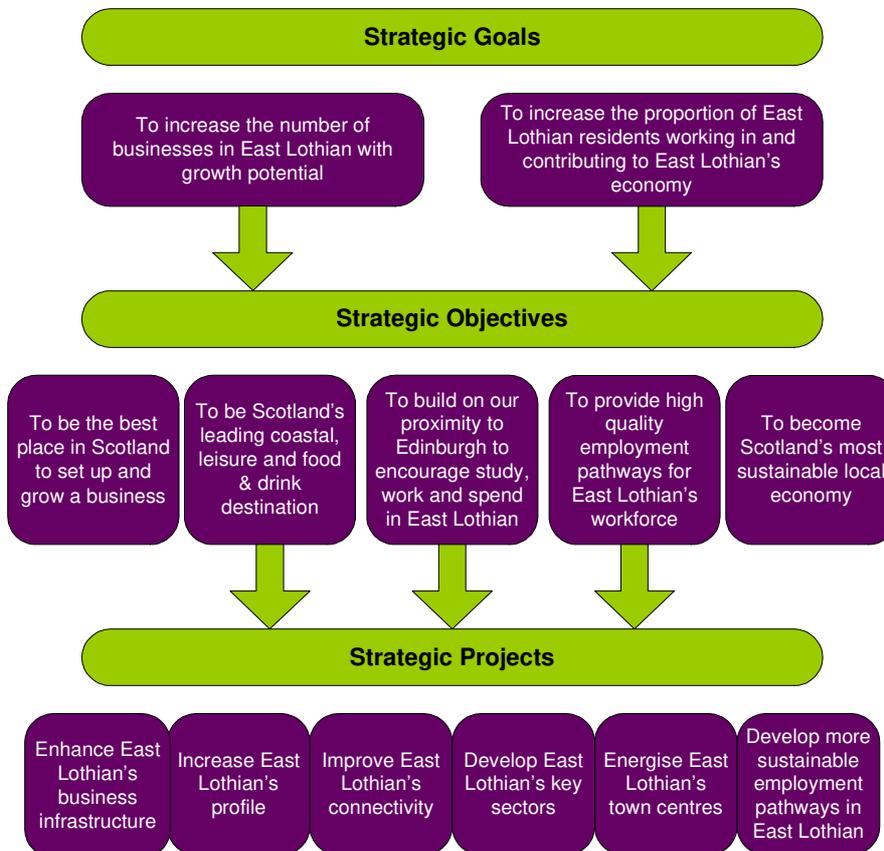
1.3 The report then sets out a summary of findings alongside the present challenges in the East Lothian economy and our planned next steps for the development of the refreshed EDS.

2 Delivering against East Lothian’s strategy

The Economic Development Strategy 2012-2022

2.1 The East Lothian EDS 2012-2022 included a number of strategic goals, objectives and projects, which are outlined at Figure 2.1. In order to refresh and review the EDS it is important to give an overview of what the goals, objectives and projects were and the progress that has been made against these.

Figure 2.1: East Lothian EDS Strategic goals, objectives and projects



2.2 The strategy has two primary strategic goals, set because the East Lothian economy had proportionally fewer businesses and jobs than elsewhere in Scotland:

- **To increase the number of businesses in East Lothian with growth potential**, and create an additional 350 businesses in East Lothian by 2022.
- **To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy**, creating an additional 7,500 jobs in East Lothian by 2022, putting East Lothian on parity with the Borders and Fife in terms of job density levels.

2.3 In order to achieve these broad goals more specific objectives were set:

- **To be the best place in Scotland to set up and grow a business** – to increase the number of businesses in East Lothian, a number of actions are proposed, including marketing East Lothian's high quality business support offer and highly qualified workforce. The need to increase land availability to businesses is also highlighted.
- **To be Scotland's leading coastal, leisure and food & drink destination** – this builds on East Lothian's already strong Tourism sector. Actions include forming a more joined-up tourism offer, developing cross-marketing with Edinburgh and promoting previously untapped areas such as wildlife, coast and cycling tourism.
- **To build on our proximity to Edinburgh to encourage study, work and spend in East Lothian** – this focuses on promoting the proximity of East Lothian to Edinburgh, along with its lower costs and skilled workforce to attract new jobs and businesses to the area. It also underlines potential for increasing resident spend by improving town centres in East Lothian.
- **To provide high quality employment pathways for East Lothian's workforce** – this highlights the increasing youth unemployment and ageing workforce and population in East Lothian, meaning there is a need to support young people into employment, and older people looking to remain economically active in developing their career.
- **To become Scotland's most sustainable local economy** – this seeks to capitalise on the potential to improve the sustainability of the East Lothian local economy through developing public transport, local jobs and low carbon sectors, including renewables.

2.4 From the objectives a number of strategic projects were also developed, which cut across a number of the objectives:

- **Develop East Lothian's key sectors** – action plans here include the update of the East Lothian Tourism Strategy, a review and update of the East Lothian Food and Drink Strategy and the development of an East Lothian Renewable Sector Implementation Plan.
- **Increase East Lothian's profile** – key tasks include working with VisitScotland and Scotland Development International (SDI) to join up East Lothian marketing and branding; exploring future marketing opportunities; and attracting major events to the area.
- **Improve East Lothian's connectivity** – the action plan sets out tasks under this strategic project including improving public transport in the area and considering options for developing broadband infrastructure.
- **Enhance East Lothian's business infrastructure** – action plan tasks include working with SDI to develop marketing materials that underline the benefits of East Lothian as a business location. Other plans include developing a mentoring scheme for small and/or new businesses and enhancing business networks and connectivity to encourage East Lothian businesses to trade with one another.

- **Energise East Lothian's town centres** – this includes plans to develop distinctive branding of each town in East Lothian and commitments to support and develop efforts to improve town centres and continue support of shop local and farmers' markets schemes.
- **Develop more sustainable employment pathways in East Lothian** – the primary task here is the development of an East Lothian Youth Employment Plan in collaboration with Skills Development Scotland. After the development of this plan it is suggested further plans should be developed to focus on groups including lone parents, disabled and older workers.

Strategy progress

2.5 In terms of strategy progress, Table 2.1 sets out delivery achieved against targets.

Table 2.1: Strategy delivery against targets

Indicator	Target	Actual	Notes
Number of businesses	Increase of 350 businesses by 2022.	Achieved – Increase of 620 businesses between 2010 baseline year and 2017.	Target has been far exceeded.
Number in employment	Increase of 7,500 jobs by 2022.	Not yet achieved – Increase of 2,000 between 2010 baseline year and 2015 (latest year available).	Good progress but slightly behind target.
Jobs density	To be on a par with Fife and Scottish Borders local authorities.	Not yet achieved – the ratio of jobs per population aged 16-64 was 0.55 in East Lothian in 2016 (latest year available) compared to 0.65 in Fife and 0.73 in Scottish Borders.	There has still been an increase in jobs density from 0.49 in 2010 (baseline year) to 0.55 in 2016.
Marketing East Lothian's employment and business offer	Marketing of the area's strengths – proximity to Edinburgh, relatively low costs and highly qualified workforce.	Achieved – East Lothian Works and ELC have delivered Invest in East Lothian Programme.	Materials highlight the benefits of East Lothian as a business base and also the availability of advice and support.
Develop East Lothian's Tourism sector	Developing tourism branding to form a more joined up offer, cross-marketing with Edinburgh and attracting more high profile events.	Achieved – Visit East Lothian branding with Edinburgh's Coast and Countryside tagline to join up with Edinburgh. Held 2013 Golf Open Championship.	Tourism strategy sets out further developments in this area.
Improving employability services, particularly for young people	Improving employability services, particularly for young people and developing East Lothian Youth Unemployment Plan.	Achieved – delivery of East Lothian Works employability service (advice for adults and young people), youth unemployment has reduced from 24.8% in 2010/11 (baseline year) to 10.8% in 2016/17 and 2017/18 Youth Unemployment Plan published outlining various youth employability programmes available.	Within this area there has been a significant reduction in youth unemployment and alongside East Lothian Works, East Lothian has also participated in DYW.
Develop sector strategies	Update/develop tourism, food and drink and renewable strategies.	Not yet achieved – only update of tourism strategy has been delivered to date.	Whilst strategies have not been developed/updated, there have been significant developments in food & drink and renewables sectors (detailed in narrative below).

Indicator	Target	Actual	Notes
Improve public transport and broadband connectivity	Improving public transport services and developing broadband infrastructure.	Some progress – extension of bus routes between Edinburgh and East Lothian and work with Community Broadband Scotland and Scottish Government Step Change Programme to improve broadband connectivity.	Likely to be further improvement to broadband infrastructure with Scottish Government Reaching 100% programme, aiming for all of Scotland to have Next Generation Access broadband by 2021.
Energise East Lothian's town centres	Develop distinctive branding of each town and supporting town centre improvements to increase resident spend.	Some progress – town centre projects/strategies published for Haddington and Musselburgh. Community charrette events held in Tranent and North Berwick.	From January 2018 there will be a six month incubation project providing subsidised premises in an empty unit in Dunbar High Street.

2.6 For the headline targets of job and business growth there has been progress. The EDS targets an increase of 7,500 jobs in East Lothian in the period to 2022. The Business Register and Employment Survey (BRES) shows that from 2010 (the Strategy's baseline year) to 2015 (the latest year available) the number of jobs in East Lothian has increased from 26,500 to 28,500. This represents good progress on the 7,500 target, which is aimed to be achieved by 2022. UK Business Count data show that from 2010 to 2017 the number of businesses in East Lothian has increased from 2,515 to 3,135, a growth of 620. This is far greater than the target of 350 additional businesses in the area by 2022. Looking more specifically at the period since the strategy was released, from 2012 to 2017 there has been an increase of 500 businesses.

2.7 This data is also relevant to a number of strategic objectives and projects that deal with jobs and business creation. Looking beyond the headline figures, one of the biggest developments has been the establishment of East Lothian Works.¹ This is an organisation which was established in 2013 and is run in collaboration by partners including ELC, Business Gateway, Job Centre Plus and Skills Development Scotland. East Lothian Works contributes to the development of employment pathways by providing adults and young people with advice and support regarding skills and employment.

2.8 In terms of youth unemployment more specifically, East Lothian's Youth Unemployment Plan 2017/18 has recently been published and this outlines various programmes and projects delivered by ELC (via East Lothian Works), educational providers, Skills Development Scotland and other organisations to improve young people's skills and employability.² There has been a significant reduction in youth unemployment over the period since the Strategy was released. The figure quoted in the strategy is 24.8% from 2010/11, this had fallen to 18.1% when the EDS was published in September 2012 and this had significantly reduced to 10.8% in 2016/17.

2.9 East Lothian Works also contributes to enhancing the area's business infrastructure, growing business in the area and marketing the area to employers and investors. It does this through several services. These include the provision of advice and support to businesses, including support with recruitment, and work through the Invest in East Lothian Programme to promote the benefits of the area to businesses.³ The SLAED 2016/17 report highlights that there is still a lack of employment land available in the area, with East Lothian listed as having 0% available employment land. However, this may soon improve as the plans for the development of the former Cockenzie power station site include the provision of 90,000m² of employment land.⁴

¹ http://www.eastlothian.gov.uk/info/200522/east_lothian_works

² http://www.eastlothian.gov.uk/download/downloads/id/12616/east_lothians_youth_employment_activity_plan_year_201718

³ <http://eastlothian.gov.uk/invest>

⁴ SLAED (2017) *Scottish Local Authorities Economic Development Indicators Framework 2016-2017*

2.10 There have also been significant areas of progress with relevance to strategic objectives and projects focused on the development of key sectors. Firstly the East Lothian Tourism Strategy has been updated, with a new version having been released in 2016. It builds on work in this area which has included the delivery of key events in East Lothian, such as the 2013 golf Open, which created a direct economic impact of £13.44 million in East Lothian.⁵ There has also been the development of consistent marketing and branding – Visit East Lothian – which has been joined up with the Edinburgh offer through the tagline Edinburgh’s Coast and Countryside.⁶

2.11 Other work in key sectors has included the formation of the East Lothian Food and Drink Business Improvement District (BID) in 2016, which is a collaboration between East Lothian food and drink businesses. The BID has established the East Lothian – Scotland’s Food and Drink County branding and promotes the ‘made by us’ products of its members.⁷ Within the renewables sector there has also been progress as there has been further development of wind energy in the area since the publication of the strategy, including the completion of the second Aikengall wind farm. There are also possibilities for further development of the renewable energy sector through the planned development at the former Cockenzie power station site.⁸

2.12 Connectivity developments within public transport have included the extension of bus routes between Edinburgh and East Lothian through the new Lothian Buses East Coast Buses services, which were introduced in 2016. There is also further potential for the development of further local rail services and stations. In terms of broadband connectivity, ELC has worked with the Community Broadband Scotland and Scottish Government Step Change programmes, which aimed to reach 95% Next Generation Access connectivity in 2017.⁹

2.13 Finally, for the strategic project to energise East Lothian’s town centres, there have been a number of areas of progress. Town Centre projects/strategies have been published for both Haddington and Musselburgh. The Haddington project has highlighted proposed actions to make the town centre more accessible and to highlight areas of historic significance.¹⁰ The Musselburgh plan includes environmental improvements and planned distinctive branding of the town.¹¹ There have also been community charrette events to explore the regeneration of town centres in Tranent and North Berwick.¹² Finally, the Town Catalyst Community Interest Company, with support from ELC, will be providing a six month incubation project providing subsidised premises in an empty unit in Dunbar High Street from January 2018.¹³

3 Current policy context

3.1 There have been substantial changes in the policy context at UK, Scotland, regional and local levels since the original EDS was published in 2012. These changes mean that the current Strategy needs to better reflect economic and social policy driving economic activity in East Lothian. The following section summarises the changing policy context for East Lothian.

⁵ <http://www.eastlothian.gov.uk/downloads/file/10981/east-lothian-tourism-action-plan-2016-2018>

⁶ <http://www.visiteastlothian.org/home>

⁷ <https://www.scotlandfooddrinkcounty.com>; <https://www.bids-scotland.com/news-centre/949-east-lothian-food-and-drink-bid>

⁸ <http://www.eastlothian.gov.uk/downloads/file/11480/proposed-local-development-plan>

⁹ Ibid.

¹⁰ <http://www.eastlothian.gov.uk/news/article/2492/haddington-town-centre-project>

¹¹ https://eastlothianconsultations.co.uk/housing-environment/draft-town-centre-strategy-for-musselburgh/supporting_documents/Musselburgh%20Town%20Centre%20Strategy%20.pdf

¹² <http://www.eastlothian.gov.uk/news/article/1879/help-us-design-a-new-town-centre-for-tranent>; <https://eastlothianconsultations.co.uk/policy-partnerships/is-north-berwick-town-centre-a-great-place-for-eve/>

¹³ <http://www.eastlothian.gov.uk/news/article/2586/innovative-way-to-revitalise-town-centres-kicks-off-in-east-lothian>

UK policy context

3.2 Since the East Lothian EDS was developed in 2012, one of the most significant changes in UK policy is the prospective withdrawal of the United Kingdom from the European Union (Brexit). The vote to leave the European Union (EU) has had a profound impact on economic activity due to the uncertainty it has created around issues including the UK's participation in and relationship with the single market, and the status of EU migrants. When the UK exits the EU (due in 2019), changes in the UK's relationship with the single market are likely to have significant impact across the economy on trading activity and partners and the employment of EU nationals. This will affect businesses in East Lothian, and may lead to change in how local businesses operate, and deal with their international partnerships. Brexit could also impact upon tourism in the area as it will lead to changes in travelling rights for EU nationals and British citizens, perhaps making Britain a less desirable destination for EU nationals but also leading to more British people choosing to holiday in the UK.

3.3 The UK government has also recently released its Industrial Strategy. This has focused on a number of areas in which the government is looking to develop the British economy. These include artificial intelligence and data and driving innovation through investment in R&D. The strategy also highlights areas of challenge such as the need to promote environmentally 'clean growth', an ageing population and the need to develop transport and mobility.¹⁴ The focus of the strategy will impact on the opportunities and priorities of the East Lothian economy as it will affect wider infrastructure and the availability of support and incentives. The focus on clean growth and transport development are areas that have been highlighted to be of particular importance for East Lothian.

3.4 Changes in energy policy have also had an important impact on the East Lothian economic landscape. The implementation of the Large Combustion Plant European Directive¹⁵ meant that the Cockenzie coal power plant no longer met environmental standards, and as a result it closed in March 2013. The Directive aimed to reduce emissions and its implementation in the UK required existing plants to install new technology or to opt out and close by the end of 2015, with the opt out being elected for in the case of Cockenzie. The closure of Cockenzie has impacted on the types of employment available in East Lothian as well as leaving a large area of land with development potential, for which plans are currently being formed.

3.5 UK policy has also been impacted by ongoing austerity, which has impacted on the budget available to the public sector. This is of relevance to economic development within East Lothian due to the impact on both Scottish Government and local authority budgets which may affect the availability of support services. Welfare reform has also led to significant changes in the structure of benefits with the new Universal Credit payment system having gone live in East Lothian in January 2017. This change in the benefits system could potentially impact on employment within the area.

Scottish policy context

3.6 There have also been significant policy changes at Scottish Government level, which will have affected the wider social and economic context in East Lothian as well as impacting upon economic priorities, strategies and support services in the area.

Scottish Economic Strategy

3.7 One of the most important policy developments has been the publication of the Scottish Economic Strategy¹⁶ (SES) in 2015. As a whole the SES structures economic development within East Lothian as it provides the framework for national economic development and areas of government investment and support. The SES aims to create a more successful country, with opportunities for all

¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

¹⁵ <http://ec.europa.eu/environment/archives/industry/stationary/lcp/legislation.htm>

¹⁶ Scottish Government (2015) Scotland's Economic Strategy

of Scotland to flourish, through increasing sustainable economic growth, whilst ensuring that everyone in Scotland has the opportunity to fulfil their potential.

3.8 This approach is centred on two pillars: increasing competitiveness and tackling inequality. The SES has four priorities to achieve this – the four Is:

- Promoting **Investment** in people, businesses and communities. This includes focus on investment in education and health, infrastructure and business support.
- Fostering **Innovation** within businesses, research & development, public services and workplace practices.
- Encouraging **Inclusive growth** which has positive benefits across society through fair work and tackling inequalities.
- Promoting **Internationalisation** of the Scottish economy through increased international trade and investment.

Enterprise and Skills Review

3.9 Another important part of changing national economic strategy is the Enterprise and Skills Review. In May 2016, the Scottish Government commenced a review of the enterprise and skills support provided by Scotland's economic development and skills agencies (HIE, Scottish Enterprise (including SDI), Skills Development Scotland (SDS), and the Scottish Funding Council (SFC)). Central to the review is maximising the agencies' individual and collective impact and effectiveness, through closer alignment and partnership working. Phase One of the review reported in October 2016, making 10 recommendations which focused on ensuring coherence and a simpler, more flexible and cost-effective system of national and local support. Phase Two of the Review commenced in November 2016 and reported in June 2017, with nine projects being established in order to take forward the Phase One Report recommendations.

3.10 As with the SES, the Enterprise and Skills Review is key to economic development within East Lothian as it has important consequences for employability and enterprise and business support services, both nationally and at the local level. Projects of particular relevance include:

- **Regional Partnerships:** This project aims to build regional partnerships within local authorities that can help to stimulate economic development. The project proposes that Regional Partnerships are led by local authorities and are comprised of local partners, drawing on the private, public and third sector as is best suited to the local area. Where government investment is sought the Scottish Government expects Regional Partnerships to have private sector representation. Regional Partnerships should demonstrate a strong understanding of the regional economy, and the ability to work together to develop the local economy. Regional Partnerships will offer another important body for the development of East Lothian economy.
- **Enterprise and Business Support:** This project proposes further collaboration between partners in order that enterprise and business support can become more coherent, effective and easier to use and understand. From this the project aims to improve the delivery of support and as a result increase company growth. This is of relevance to the EDS as it will have a significant impact on the business support landscape which can in turn help to boost the number and growth of businesses in East Lothian.¹⁷
- **Skills alignment:** The ambition driving this project is to develop a high-performing and responsive skills system that meets the changing needs of learners and employers. Its purpose is to improve alignment of services supporting the development of skills in Scotland. In particular, this will involve joint working between partners to improve the alignment of their

¹⁷ <http://www.gov.scot/Resource/0052/00521428.pdf>

functions to enhance education and skills planning to provide better outcomes for learners and employers. It will involve identifying skills needs in partnership with industry and working with colleges, universities, and training providers to respond to these needs. It will also co-ordinate and consider the effectiveness of investment to ensure the right balance of provision.

Employability policy

3.11 Since the publication of the East Lothian strategy in 2012 there have also been important developments within education and employability that have had wider impact on the economic landscape. The Commission for Developing Scotland's Young Workforce (the Wood Commission), was established in January 2013, during a time of high youth unemployment levels. It considered how to achieve better connectivity and co-operation between education and the world of work, alongside the development of the intermediate vocational education and training system. The report, published in June 2014 produced 39 recommendations.

3.12 Following this, the Scottish Government's Youth Employment Strategy, Developing the Young Workforce, was published in December 2014, which accepted all 39 recommendations in the Commission's report and set out how these would be implemented.¹⁸ Developing the Young Workforce (DYW), aims to create an excellent, work relevant education offer to young people in Scotland, giving them the skills for the current and anticipated jobs market. Developing the Young Workforce has also seen the formation of regional groups aimed at improving engagement between employers and education providers and more broadly supporting employers to take on young people. East Lothian is part of the Edinburgh, Mid and East Lothians group.¹⁹ This is an important area of policy for the East Lothian EDS as youth unemployment is highlighted within the EDS as a particular problem for the area. In addition to DYW, the Curriculum for Excellence has seen the implementation of new qualifications at school level over 2014/15 to 2015/16, with an increased focus on promoting the development of skills for work.

3.13 The devolution of employability services to the Scottish Government has also led to important developments with Work First Scotland (WFS) and Work Able Scotland (WAS) being introduced in April 2017. These programmes are important for the East Lothian EDS because they are key additions to the national employability landscape as they seek to assist groups that may have particular difficulty in securing employment – disabled people (WFS) and people with a health condition who are at risk of long term unemployment (WAS). From April to September 2017 2,901 people joined WFS and 732 joined WAS. From April 2018, the employability services will be provided through Fair Start Scotland (FSS). FSS will aim to target a minimum of 38,000 people.²⁰

3.14 There are other considerations related to employability. For example, the Scottish Government's commitment to increase free childcare to 1,140 hours per year to all three and four, and eligible two year olds by 2020 could lead to growth within the Early Learning and Childcare sector. There is some potential to be an area of growth for the East Lothian economy, but in the longer term may encourage more people, and women particularly, to return to the labour market.

Wider policy changes

3.15 There have been a number of other policy developments since the publication of the EDS in 2012. Table 3.1 below summarises further relevant policy and strategy developments at the national level in Scotland.

¹⁸ <http://www.gov.scot/Resource/0046/00466386.pdf>

¹⁹ <http://www.employabilityinscotland.com/developing-young-workforce/edinburgh-mid-east-lothians/>

²⁰ <http://www.gov.scot/Publications/2017/12/6630/348260>

Table 3.1: Further relevant policy/strategy developments

Policy/Strategy	Policy/Strategy summary	Relevance
National Tourism Strategy (Revised 2016)	Originally published in 2012, updated with priorities for 2016-2020 to: <ul style="list-style-type: none"> Strengthen Digital Capabilities Strengthen Industry Leadership Enhance the Quality of the Visitor Experience Influence Investment, specifically flight access & transport connectivity, built infrastructure, digital connectivity and business growth finance 	Tourism highlighted within East Lothian EDS as key sector for economic development. ²¹
Ambition 2030 – Scotland's Food and Drink Strategy (2017)	Published in 2017, targets doubling sector turnover to £30 million by 2030. Three pillars of growth: <ul style="list-style-type: none"> People and skills Supply chain Innovation 	Food & drink highlighted within East Lothian EDS as key sector for economic development. ²²
Realising Scotland's full potential in a digital world: A Digital Strategy for Scotland (2017)	Outlines the need for entire Scottish economy to take advantage of benefits offered by digital technology. Planned actions include: a Digital Growth Fund to help address undersupply of digital skills and utilising City and Region deals to maximise use of digital innovation to increase economic growth.	Importance of the development of digital technology to economic development, both as a sector in itself and for other sectors. ²³
Trade and Investment Strategy (2016)	Aims to support sustainable business, jobs and income growth in Scotland through internationalisation by: <ul style="list-style-type: none"> More businesses selling more goods and services to a wider range of international markets; and Attracting significant inward, capital and risk investment. Underpinned by Scotland's International Framework, which aims to "create an environment within Scotland that supports better understanding of international opportunities and greater appetite and ability to seize them". 	Sets out the development of policy support for internationalisation, international trade and inward investment, which are key for economic development. ²⁴
Social Enterprise Strategy (2016)	Part of inclusive growth and aims to: <ul style="list-style-type: none"> Stimulate social enterprise Develop stronger social enterprise organisations Enable social enterprise market opportunities 	Social enterprise is becoming an important sector for wider economic development, and particularly inclusive growth. ²⁵
Scotland's Energy Strategy (2017)	Published in 2017, sets out the intended transition to a low-carbon economy and the focus on renewable and smart energy technologies, a decentralised energy system, and the ambitious new 2030 target of 50% of Scotland's energy consumption to be met by renewable energy.	Important impacts for developing renewable energies sector, which is key part of East Lothian economic development plans. ²⁶ Will also have implications for Torness.
Life Sciences Strategy (2017)	Published in 2017, building on previous 2011 strategy, sets out aim to "make Scotland the location of choice for life sciences businesses, researchers, healthcare professionals and investors whilst increasing the sector's contribution to Scotland's economic growth."	Life Sciences is a Scottish Government key sector, recognised as important for the development of the Scottish economy. ²⁷

²¹ [http://www.scottishtourismalliance.co.uk/uploads/TS2020_Mid_Term_Review_2016/TS2020_Mid_Term_Review_-_Key_Messages_\(Mar_16\).pdf](http://www.scottishtourismalliance.co.uk/uploads/TS2020_Mid_Term_Review_2016/TS2020_Mid_Term_Review_-_Key_Messages_(Mar_16).pdf)

²² <http://www.scotlandfoodanddrink.org/media/78130/strategy-brochure-smaller-size.pdf?Action=download>

²³ <http://www.gov.scot/Resource/0051/00515583.pdf>

²⁴ <http://www.gov.scot/Resource/0049/00495491.pdf>

²⁵ <http://www.gov.scot/Resource/0051/00511500.pdf>

²⁶ <http://www.gov.scot/Topics/Business-Industry/Energy/energystrategy>

²⁷ https://www.scottish-enterprise.com/~media/se_2013/sectors/documents/life%20sciences%20strategy%20for%20scotland%202025%20vision.pdf?a=en

Policy/Strategy	Policy/Strategy summary	Relevance
Life & Chemical Sciences Manufacturing Strategy (2015)	Published in 2015, the aim of the plan is to achieve the objectives of the strategies for both Life and Chemical Sciences by increasing the contribution manufacturing makes to both sectors. It has five key themes – Leadership confidence and promoting manufacturing; Research Commercialisation; Technology Development and Scaling; Supply Chains and Re-shoring; and Investing in Scotland.	Life & Chemical Sciences have been recognised as key sectors for economic growth so their development is key to wider economic growth. ²⁸
National Plan for Industrial Biotechnology (2013)	Aims to increase competitiveness and sustainability of multiple industries in Scotland through growing industrial biotechnology-related turnover. Main target is for industrial biotechnology-related turnover in Scotland to reach £900 million by 2025.	Another important area of economic growth that has been shown to improve competitiveness and sustainability within several sectors. ²⁹
Manufacturing Future for Scotland (2016)	Sets out a range of priority actions to improve productivity, innovation and investment. Key actions include establishing a joint centre for Manufacturing Excellence and Skills Academy and launching an enhanced programme to support companies in taking up new opportunities.	Important development of support to improve innovation and investment in an important area that cuts across a number of sectors. ³⁰
STEM Education and Training Strategy (2017)	Sets out how to improve training and education to meet STEM skills demand. Key aims are to improve levels of STEM enthusiasm, skills, and knowledge; raising attainment; encouraging uptake of more specialist STEM skills required to gain employment.	Important for economic development as STEM sectors and skills have been recognised as key to economic growth, particularly as they promote innovation. ³¹
Skills Investment Planning (first SIP in 2012; 12 in total)	Skills Investment Plans have been developed by SDS and industry partners for a number of sectors and areas. They articulate economic and labour market characteristics trends in skills and qualification supply, and employers' perspectives on the big skills issues affecting growth. Also set out key recommendations and actions for addressing skills challenges.	SIPs set out important information on trends within key sectors alongside plans for future change and development, which may be implemented locally. East Lothian was included in the Edinburgh and South East Scotland SIP and this can provide useful information for the EDS refresh. ³²
Regional Skills Assessments (2014)	RSAs cover a number of different geographies including college regions, city deal areas and local authorities. They offer an overview of the skills and economic base and employment within each area. ³³	RSAs offer key data to inform the refresh and review of the East Lothian strategy.

Regional policy context

3.16 As well as at the UK and national levels, there have also been important changes in the regional economic development landscape since the publication of the East Lothian EDS in 2012. Of particular note for the review and refresh of the EDS is the establishment of the Edinburgh and South East Scotland (ESES) City Deal. The ESES City Deal comprises six local authorities – City of Edinburgh,

²⁸ https://www.scottish-enterprise.com/~media/se_2013/documents/lscs%20manufacturing%20strategy.pdf?la=en

²⁹ https://www.scottish-enterprise.com/~media/se_2013/sectors/documents/scottish%20ib%20progress%20report%202015.pdf?la=en

³⁰ https://www.scottish-enterprise.com/~media/se_2013/documents/a%20manufacturing%20future%20for%20scotland.pdf?la=en

³¹ <http://www.gov.scot/Resource/0050/00509522.pdf>

³² <http://www.skillsdevelopmentscotland.co.uk/what-we-do/partnerships/skills-investment-plans/>

³³ <http://www.skillsdevelopmentscotland.co.uk/what-we-do/partnerships/regional-skills-assessments/>

Fife, East Lothian, Midlothian, Scottish Borders and West Lothian – a region with around 1.4 million people and contributing more than £33 billion to the Scottish economy annually.

3.17 City Deals in Scotland are a UK and Scottish Government initiative to put cities and their environs in direct control of both exploiting their economic opportunities and tackling their challenges. City Deals are agreements between government and a city that give cities the necessary resources and control to: take charge and responsibility of decisions that affect their area; do what they think is best to help businesses grow; create economic growth; and decide how public money should be spent.³⁴ By encouraging Local Authorities to operate strategically at the regional level, they support a long-term focus on the priorities required to deliver positive outcomes in line with Scotland's Economic Strategy.

3.18 The Edinburgh and South East Scotland City Region deal was agreed in July 2017. The region boasts a number of economic and social strengths, such as high growth sectors with high job creation potential; an established, high quality Higher Education sector; high levels of business expenditure on R&D and innovation; and the cultural attractions and offers of the City of Edinburgh. However, the region suffers from relatively high levels of deprivation, particularly amongst children/young people, low paid and low skilled jobs, and a lack of mid-market housing. The City Deal, worth over £1.1 billion over the next 15 years, will aim to address these economic and social challenges.

3.19 The commitments of the City Deal currently sit under the following five headings, all of which will have direct or indirect impacts on East Lothian:

- **Research Development and Innovation:** The City Deal will commit up to £350 million of funding over 15 years to support innovation projects. This includes a Food and Drink Innovation Campus located at Queen Margaret University (QMU) in East Lothian to support and grow the national food and drink sector.
- **Employability and Skills:** Key commitments include support from the Scottish Government to improve collaboration between regional partners, which can deliver better outcomes for those living in the region. The regional partnership will be given £25 million annual funding over eight years to deliver an Integrated Regional Employability and Skills programme.
- **Transport:** Commitments under this heading include £120 million investment from the Scottish Government for improvements on the A720 City Bypass, which serves East Lothian.
- **Culture:** Plans include up to £20 million of funding from the UK and Scottish Governments for the delivery of a new IMPACT concert hall in Edinburgh.
- **Housing:** Partners have committed to a 10 year regional new housing programme. This includes plans for the development of new housing at seven key sites, including the Blindwells site in East Lothian, as well as key sites elsewhere in the region.³⁵

Local policy context

3.20 Finally, there have also been a number of important policy developments at the local level, which will inform the refresh and review of the EDS. Most recently, in 2017, the East Lothian Local Outcomes Improvement Plan 2017-2027 was published by the East Lothian Partnership. The three themes for the priorities of the plan are:

- **Prosperous:** this encompasses priorities to have a thriving local business base, a local populace that does not suffer from in-work poverty and better access to digital infrastructure

³⁴ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-city-deals-and-growth-deals/2010-to-2015-government-policy-city-deals-and-growth-deals>

³⁵ ESES City Deal (2017) *Heads of Terms*

- **Community minded:** this includes priorities to ensure there are strong communities in East Lothian offering affordable living
- **Fair:** this theme arises in part from the East Lothian Poverty Commission report and its priorities include tackling the causes and effects of poverty in the area and reducing the gap between the richest and poorest in East Lothian.³⁶

3.21 All three of these priorities link in with plans for economic development and can be used to help frame the EDS refresh.

3.22 Another important local strategic document, which will inform the refresh and review of the East Lothian EDS, is the East Lothian Proposed Local Development Plan 2016, which sets out a development strategy for the area to 2024 and beyond. Some of the relevant key priorities set out in the plan include town centre development to help grow the local economy, the provision of employment land in order that more people can work within the local area and a commitment to building 10,000 new homes over the next ten years to help make East Lothian a more attractive place to live and work in.³⁷

3.23 Tourism has already been highlighted as an important sector for the East Lothian economy and as well as the National Tourism Plan, the East Lothian Tourism Action Plan 2016-2018 is another important document to inform the refresh and review of the Strategy. The Action Plan refers to key areas for growth such as: joining up different strands of tourism, engaging with national tourism schemes, identifying and filling gaps within already existing areas of strength such as golf and food & drink and developing possibilities within other areas such as wildlife, cycling and walking.³⁸

3.24 Another key local development since the publication of the EDS has been the establishment of East Lothian Works in 2013. This is an employability and skills service which offers help and advice to those seeking work and skills as well as offering support to those looking to establish new businesses.³⁹ It represents an important addition to the local economic development landscape.

4 Existing programmes and interventions

4.1 This section details the existing programmes and interventions in East Lothian, including proposed City Deal projects, current skills services and developments at Cockenzie and within the tourism industry.

Edinburgh and South East Scotland City Deal

4.2 The ESES City Deal includes several programmes and interventions that are of significant importance to East Lothian. There are a number of innovation-led investments, including associated infrastructure investment throughout the region, including industrial and business premises, to support businesses are able to engage with the data-driven innovation (DDI) opportunities offered through the City Deal's £350 million investment in DDI projects.

4.3 However, there are a number of interventions of specific relevance to East Lothian, namely: a Food and Drink Innovation Campus located at QMU; a new housing development at Blindwells; and an Integrated Regional Employability and Skills (IRES) programme. These interventions are detailed below.

³⁶ <http://www.eastlothian.gov.uk/downloads/file/9787/the-east-lothian-plan-single-outcome-agreement-2017>

³⁷ <http://www.eastlothian.gov.uk/downloads/file/11480/proposed-local-development-plan>

³⁸ <http://www.eastlothian.gov.uk/downloads/file/10981/east-lothian-tourism-action-plan-2016-2018>

³⁹ <http://www.eastlothian.gov.uk/info/200522/east-lothian-works>

Edinburgh Innovation Park, QMU

4.4 Amongst the City Deal's innovation-focused investments, funding will be committed to support a Food and Drink Innovation Campus located at QMU in East Lothian to support and grow the national food and drink sector.

4.5 The Edinburgh Innovation Park will build on the existing food and drink infrastructure at QMU. The Scottish Centre for Food Development and Innovation (SCFDI) was opened at QMU in December 2014 to provide the Scottish food and drink industry with a combined space to undertake R&D and innovation activity to help access new export markets. This builds on QMU's reputation for food and drink research. SCFDI works with partners including Interface, Scottish Enterprise, Scotland Food and Drink and Business Gateway, and its facilities include a microbiology laboratory, a chemistry laboratory, an industry testing space for new technology and a sensory suite.

4.6 The East Lothian Food and Drink BID was created in 2016, establishing the East Lothian – Scotland's Food and Drink County branding. The BID has also sought to promote the products of members as 'made by us'.⁴⁰ QMU is soon to host the BID's administrative functions⁴¹, creating more streamlined support for this key sector in East Lothian.

Housing

4.7 Regional partners have committed to delivering a ten year programme of new housing across the region. A large number of new homes will be delivered across the region, particularly through unlocking the following seven key sites, including Blindwells in East Lothian.

4.8 The Blindwells development has the potential for 6,000 new homes. The first phase of the plan includes 1,600 homes, 480 of which are affordable homes, the provision of business units, a primary school, a supermarket and green space.⁴² This phase is due to commence shortly and be completed within 12-15 years. There is currently access to the Blindwells site via the A198, which is due to be widened, and the site is close to the A1. The initial construction for Phase One of the development could potentially create around 350 jobs.

Employability and skills

4.9 The IRES programme aims to increase the capacity of current employability and skills delivery in the region, and also to increase the flow of disadvantaged groups into opportunities generated through the City Deal, as per the Inclusive Growth agenda. With £25 million over eight years, the IRES programme is aimed at reducing skills shortages and gaps and support those from disadvantaged groups to move into sustainable, good quality career opportunities.

4.10 The programme links in with various other City Deal interventions, including the housing strand, with the creation of a cross-agency Construction Skills group which includes representation from industry, education, skills agencies and local authorities to better plan for future demand. The group has identified a requirement for an additional c.4,000 FE/HE skills and the upskilling for almost 6,000 people over the next five years to satisfy demand. It is also to integrate with the DDI strand by training up the talent pipeline in DDI to support the city region's growth ambitions of being the 'data capital of Europe'.

4.11 The current ELC employability service, East Lothian Works, is a 'one-stop shop' which combines services for employers and those seeking employment. The service supports jobseekers and employers in East Lothian with recruitment and retention of staff, and training and workforce development. The

⁴⁰ <https://www.scotlandfooddrinkcounty.com>; <https://www.bids-scotland.com/news-centre/949-east-lothian-food-and-drink-bid>

⁴¹ <https://www.qmu.ac.uk/news-and-events/news/20171025-food-and-drink-bid-comes-to-qmus-campus/>

⁴² <http://www.bbc.co.uk/news/uk-scotland-edinburgh-east-fife-39431518>

centre, which is based in the Council's Haddington offices, also provides advice, guidance and signposting to funding for those looking to set up a business or relocate or expand an existing business.

4.12 For employers, the services include support with staff recruitment, retention and progression of staff. For adults seeking employment, East Lothian Works provides numeracy and literacy support, adult learning classes, work experience and employability training and a local employability directory, while for young people, the service offers Activity Agreements, opportunities to gain work experience placements, one-to-one mentoring with school pupils and a Disability Youth Transitions Service working with 15-20 year olds looking to move into a positive destination.

Cockenzie masterplan

4.13 Another important development for employability in the local area has been plans for the development of the Cockenzie Power Station. As mentioned earlier, the power station has ceased operation and as preferred bidders, ELC are now at the masterplan stage for developing the site as an area of economic activity. The *Former Cockenzie Power Station & Surrounding Area Masterplan* outlines plans to develop 90,000m² of employment space and 3,500 new jobs, generating £66 million for the East Lothian economy. The masterplan splits the site into four zones. The Coastal zone would provide office, retail and offshore energy employment alongside recreational outlets. The Energy quarter will offer renewable energy opportunities again alongside retail and recreational outlets, whilst the Coal Store will be the main employment hub with manufacturing, office and training facilities. There are also plans to retain the Battle of Prestonpans site as an area of green space amidst the more built up areas of the development.⁴³

Tourism

4.14 Tourism is a key sector for East Lothian in terms of employment opportunities and bringing visitors and visitor spend into the local economy. Visitors are particularly attracted to the area for the natural landscape, the leisure activities, including golf, and the food and drink offer. This is reflected in the ELC Strategy which sets an objective for East Lothian to become 'Scotland's leading coastal, leisure and food and drink destination'.

4.15 A high proportion of visitors to East Lothian come from elsewhere in Scotland. East Lothian has marketed itself to visitors in recent years with the '*Wish You Were There...*'⁴⁴ initiative and, more recently, under the 'Edinburgh's Coast and Countryside' banner. There are a number of offers and events in the area that attract these visitors. In terms of festivals and events, the Fringe by the Sea, Lammermuir Festival, the Saltire Festival and the 3 Harbours Festival and just some of the events that attract visitors from outwith the area.

4.16 Golf is estimated to attract 100,000 visitors to East Lothian each year. The area has hosted high profile golfing events in recent years – The Open in 2013 at Muirfield Golf Links and the 2015 Scottish Open at Gullane Golf Club. The 2018 Scottish Open and Ladies Scottish Open will again be held at Gullane.

4.17 The East Lothian Tourism Action Plan for 2016-2018 outlines the following four areas for growth, which align with those set out in the EDS:

1. Identify and address gaps in tourism across all industry sectors including golf and food and drink for e.g. resort and brand hotels, increase weekend and evening offering
2. Develop tourism opportunities and projects around East Lothian's wildlife, coast, cycling, golf and walking. Food and drink trails.

⁴³http://www.eastlothian.gov.uk/info/204/local_development_plan/1850/former_cockenzie_power_station_and_surrounding_area_masterplan_report

⁴⁴http://www.eastlothian.gov.uk/news/article/1167/wish_you_were_there

3. Join up different strands of tourism offering e.g. golf, coast, town centres, attractions and food and drink and to develop projects to encourage longer stays and spend higher.
4. Encourage use of national schemes as and when appropriate e.g. Go Rural and initiatives with VisitScotland such as themed years.

5 Key observations and next steps

Summary of progress to date

5.1 One of the primary strategic goals of the EDS, to increase the business base by 350 businesses by 2022, has been well exceeded to date. East Lothian saw an increase of 620 businesses between 2010 and 2017, and this is a very positive result for ELC. The other strategic goal, to increase employment by 7,500 jobs to 2022 and therefore raise job density to that of surrounding authorities, has seen slower growth.

5.2 The Invest in East Lothian Programme, delivered by ELC and East Lothian Works, has helped to market East Lothian's employment and business offer and act as an advice service to potential inward investors. Materials have been developed to highlight the benefits of East Lothian as a business location, including the access to a highly qualified labour pool, the relatively low costs and the proximity to Scotland's capital city. This strategic marketing programme is likely to have had an impact on the strong business base growth in recent years.

5.3 East Lothian Works, ELC's skills and employability service, was launched in 2013 shortly after the EDS. The service offers support to young people and adults looking to enter employment and also supports employers with the recruitment, retention and progression of staff. Since the service was launched, employment and, particularly, youth unemployment has fallen in East Lothian, although this will be due to a combination of factors and not wholly attributable to East Lothian Works. The Youth Unemployment Plan was launched in 2017/18 and East Lothian has also participated in DYW, further reinforcing ELC's commitment to tackling youth unemployment.

5.4 Strong progress has been made within the tourism sector in East Lothian, and this is expected to continue through to 2022. Following from recommendations in the EDS to exploit opportunities to host large-scale events in the area, East Lothian hosted The Open in 2013 and the Scottish Open in 2015 and will once again host the Scottish Open in 2018. East Lothian Tourism Action Plan, highlighting areas for growth in the industry, was launched covering the period 2016 to 2018. There has also been developments in the Marketing branding, such as 'Edinburgh's Coast and Countryside', has also been developed to attract visitors, mainly from elsewhere in Scotland.

5.5 Although not an explicit target in the EDS, there have also been strong developments in East Lothian's food and drink sector. The Scottish Centre for Food Development and Innovation (SCFDI) was opened in 2014 at QMU and is to host East Lothian's Food and Drink BID. The City Deal presents further opportunities to enhance and grow R&D and innovation in the food and drink sector at QMU.

Key challenges for East Lothian

5.6 There has been significant policy and wider political change in the five years or so since the publication of the EDS, and the policy environment will arguably continue to change in the short term. The refreshed EDS will need to reflect this changing context, as well as anticipate any future policy challenges.

5.7 East Lothian has performed well in terms of business creation, and many of these have been in the Professional, Scientific and Technical sector, a recognised high-value sector. However, going

forward greater attention could be paid to where business growth occurs, and ensure that this is in line with East Lothian, City Deal and Scottish Government priorities.

5.8 Creating skilled, well-paid employment in East Lothian continues to be a challenge for ELC. East Lothian continues to lag well behind the national average for job density, and behind the benchmarks of Fife and the Scottish Borders, despite incremental improvements. However, large-scale proposed developments, such as the new town at Blindwells, have the opportunity to create significant construction employment, which will be supported through the new IRES programme which will have a particular focus on construction skills.

5.9 Connectivity remains a challenge for East Lothian, and improvements in transport links have been slow since the 2012 EDS, despite new bus routes being introduced throughout the area. The ESES City Deal proposes an opportunity to improve transport links for East Lothian. The transport strand of the City Deal has committed investment for improvements to the A720 City Bypass which serves East Lothian.

5.10 The amount of usable land for employment in East Lothian remains low, and this is a restriction when attempting to attract inward investment to the area. However, there are plans to develop the former Cockenzie Power Station site into 90,000m² of employment space. This will alleviate some of the constraints on business space and support the creation of a large number of jobs.

5.11 A key requirement for the refreshed EDS will be to ensure that there is a clear logic chain from aims and objectives through to intended outcomes and benefits. To help this, wherever possible, targets and indicators should be SMART (Specific, Measurable, Achievable, Realistic, Time-bound).

Next steps in developing the refreshed EDS

5.12 The next steps for the strategy are for the consultant team to complete a Local Economic Assessment, detailing the latest economic data on East Lothian e.g. employment, business base, qualifications, population, earnings, GVA and sectoral trends. This baseline will form part of the final EDS.

5.13 The consultant team will then consult with key stakeholders in East Lothian through a series of workshops. These workshops will be used to test the State of Play and Local Economic Assessment analysis and to establish key priorities for the EDS. The workshops will be held with East Lothian Council staff, Strategic Economic Partnership members, Tourism and Food and Drink representatives, East Lothian Area Partnerships, and the Third Sector interface.

5.14 Following the fieldwork, the Draft EDS will be produced and key stakeholders will be given the opportunity to comment. The Final EDS will then be presented to the Steering Group at a launch event.

East Lothian Partnership

East Lothian Economic Development Strategy Review and Refresh EXECUTIVE SUMMARY for

**East Lothian Council on behalf of the East Lothian
Partnership Connected Economy Group**

ANNEX 2

October 2018

Report completed/submitted by:	Richard Weaver
Proof check completed by:	Jeremy Hanks
Date:	23 rd October 2018
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Date:	23 rd October 2018

Executive summary

Overview

The central purpose of the East Lothian Economic Development Strategy for 2012 to 2022 is to identify the opportunities which East Lothian can exploit to maximise its sustainable economic competitiveness. In doing so, the Strategy provides a framework which will guide and drive forward a more joined up approach to economic development across East Lothian's Local Outcomes Improvement Plan. The aims of the refresh were as follows:

- To evaluate progress made with the Strategy to date (early to mid-2018) against the baseline indicators set;
- To review Strategy objectives and targets within the context of the significant changes in the current landscape; and
- To refresh the Strategy accordingly.

The review and refresh of East Lothian's Economic Development Strategy (EDS) has been driven by substantial changes in the policy context at UK, Scotland, regional and local level in recent years. The scale of change within East Lothian has been considerable, with new challenges and opportunities in place and emerging.

Performance

Performance against the strategic goals of the original EDS has been broadly good. One of the primary strategic goals of the EDS, to increase the business base by 350 businesses by 2022, has been well exceeded to date, with an increase of 620 businesses between 2010 and 2017. The other, to increase employment by 7,500 jobs to 2022 and thus raise job density to that of surrounding authorities, has seen slower growth.

There have been a number of other achievements. The Invest in East Lothian Programme has helped to market East Lothian's employment and business offer and act as an advice service to potential inward investors. East Lothian Works was launched in 2013 and offers support to young people and adults looking to enter employment and employers looking to recruit, retain and progress staff. Employment and particularly youth unemployment has fallen as a result. The Youth Unemployment Plan was launched in 2017/18 and East Lothian has also fully participated in Developing the Young Workforce (DYW).

Strong progress has been made within the tourism sector in East Lothian, and this is expected to continue through to 2022. The East Lothian Tourism Action Plan has been developed and updated every two years and there have been improvements to overall branding, such as 'Edinburgh's Coast and Countryside'. There have also been strong developments in East Lothian's food and drink sector. The Scottish Centre for Food Development and Innovation (SCFDI) was opened in 2014 at QMU and hosts East Lothian's Food and Drink BID, the first such BID for Food and Drink.

Local Economic Assessment

East Lothian has one of the fastest growing populations in Scotland and this is expected to continue to 2041. However, the proportion of people of working age is below the Scottish average, and the population is ageing, which is a challenge for the supply of labour and the dependency ratio.

The business base in East Lothian has demonstrated strong growth in recent years, and number of jobs in East Lothian has been growing at a faster rate than the ESES region and nationally, although this is expected to slow to 2028. East Lothian residents tend to work in higher skilled occupations; however

many commute out of East Lothian to Edinburgh for employment. Within East Lothian itself the job opportunities tend to be more lower skilled. There is a particularly high rate of part-time and self-employed working in East Lothian.

There is forecast to be strong growth in employment in the high-value Professional, Scientific and Technical sector in future. The challenge will be to realise this growth to ensure a supply of well-paid local jobs for the growing population.

Since the global economic downturn East Lothian's growth in GVA and productivity has lagged behind the ESES region and Scotland for most of the last decade. However, Business Expenditure on Research and Development (BERD) has grown significantly and the ESESCRD is likely to enhance job creation.

The number of school pupils has grown over the last two decades and is expected to continue, against the national trend. School leaver attainment is broadly in line with national averages, although the percentage of East Lothian school leavers entering directly into employment is above the national average.

Key issues

East Lothian's strengths are in its diverse business base with sectoral strengths in food and drink, tourism and Higher Education, entrepreneurial culture, skilled workforce, proximity to Edinburgh and its quality of life.

Weaknesses are its lack of large employers, the rate of out-commuting for employment, pockets of deprivation in Musselburgh, Wallyford and Prestonpans, limited land availability for economic use in areas of high demand, and poor transport connectivity. There are also key challenges in creating skilled, well-paid employment in East Lothian, despite business creation rates. The amount of usable land for employment in East Lothian remains low, albeit addressed through the East Lothian Local Development Plan 2018, and physical and digital connectivity is also a continuing challenge. Brexit undoubtedly presents a range of labour market and trade implications, and likewise the loss of European funding. There are other challenges including responding to demographic change, town centre regeneration and boosting the rural economy, and addressing infrastructure issues.

Despite this, there are significant opportunities for East Lothian. Inclusion in the £1.3 billion Edinburgh South East Scotland City Region Deal is a key opportunity for East Lothian, and it will be important to ensure East Lothian optimises potential economic and social benefits through close partnership working including the opportunity to develop aligned initiatives and funding mechanisms available through the City Deal. An important opportunity going forward is to promote East Lothian through the development of an overarching set of propositions for economic development.

The former Cockenzie Power Station site is now in council ownership and control, and unlocking the site and adjacent assets is a key development opportunity for East Lothian. Alongside the developments at Blindwells and QMU, these offer the potential to create significant construction and subsequent high-value employment and business creation. There are also other opportunities around tourism, food and drink and emerging sectors for East Lothian.

The Refreshed Economic Development Strategy

The Strategy contributes directly to economic development objectives set out in The East Lothian Plan and Local Outcomes Improvement Plan, and also the recently adopted Local Development Plan. The overall Strategy is set within a strategic framework for delivery.

There are two strategic goals around businesses and jobs:

- To increase the number of businesses in East Lothian with growth potential (**BUSINESSES**); and
- To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy (**JOBS**)

The strategic goals are supported by five strategic objectives:

- To be the best connected place in Scotland to set up and grow an innovative business
- To be Scotland's leading coastal, leisure and food & drink destination
- To explore and develop regional opportunities to support economic development and to encourage study, work, investment and spend in East Lothian
- To provide high quality employment pathways for East Lothian's workforce
- To become Scotland's most sustainable and digitally-connected local economy

To help deliver the Strategy, seven strategic workstreams have been identified:

- Develop a set of propositions for East Lothian to attract investment
- Prepare strategic sites for development and marketing – including Cockenzie, Blindwells, QMU (ESESCRD) and other public sector assets
- Improve the economic performance of East Lothian's key sectors
- Improve East Lothian's connectivity
- Enhance East Lothian's business support infrastructure and make the most of our assets
- Energise East Lothian's town centres and rural economy
- Develop more sustainable employment and training pathways for all in East Lothian

Overarching the strategic workstreams is the Edinburgh and South East Scotland City Region Deal and the activities that will impact East Lothian. Each project must take cognisance of the Deal and capture benefits that can be delivered through it.

Implementing the Refreshed Economic Development Strategy

To support the delivery of the refreshed EDS, there is a revised set of targets and accompanying Monitoring and Evaluation Framework (MEF), as well as an Action Plan setting out key actions, tasks and responsibilities against each of the Strategic Workstreams.

This refreshed strategy will enable East Lothian to proactively respond to a rapidly changing policy context.

East Lothian Partnership

**East Lothian Economic Development Strategy
Action Plan 2018-20 and
Monitoring & Evaluation Framework
Review and Refresh
for**

**East Lothian Council on behalf of the East Lothian
Partnership Connected Economy Group**

October 2018

ANNEX 3

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1 Action Plan

Overview

1.1 The refreshed Economic Development Strategy for East Lothian sets out two major strategic goals. These are:

- **BUSINESSES:** To increase the number of businesses in East Lothian with growth potential.
- **JOBS:** To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy.

1.2 In order to deliver the two strategic goals, five strategic objectives have been set. These are:

- To be the best connected place in Scotland to set up and grow an innovative business
- To be Scotland's leading coastal, leisure and food & drink destination
- To explore and develop regional opportunities to support economic development and to encourage study, work, investment and spend in East Lothian
- To provide high quality employment pathways for East Lothian's workforce
- To become Scotland's most sustainable and digitally-connected local economy

1.3 This action plan sets out the required actions to ensure and guide the implementation of the Strategy. The next section sets out the individual projects that will help to realise the Strategy's strategic goals and objectives. The Strategy has identified seven strategic workstreams. Within each, there are distinct actions that need to be taken forward. Lead responsibility and partners involved in delivery for each are indicatively identified, along with the priority and anticipated timescale for each.

Action plan

#	Project	Key actions	Lead responsibility	Partners	Priority	Timescale
1	Developing a set of propositions for East Lothian	<ul style="list-style-type: none"> • Develop an over-arching proposition and set of accompanying propositions for East Lothian to cover all aspects of socio-economic development in the area. • Develop a prospectus for East Lothian that does the following: <ul style="list-style-type: none"> ○ Details a proposition to encourage businesses and people to invest, live, work and learn in East Lothian. ○ Sets out the values as well as the objectives for the development of the local authority area (such as inequalities, employability, inclusive growth). ○ Identifies key assets for the area, e.g. business, Higher Education and R&D, tourism, town centres, location, accessibility, environment, etc., and present them as a 'portfolio', clearly articulating how these combine to form East Lothian's USP. ○ Establishes the 'offer' and 'ask' for current and prospective businesses, stakeholders and partners, residents, developers and visitors. ○ Sets out an inward investment proposition, recognising the 'Team Scotland' approach adopted by Scottish Development International, and identifying what networks can be exploited to maximise its potential. ○ As part of the proposition, partners should develop an individual prospectus for each of East Lothian's towns outlining their economic development/investment/tourism offer • Join up existing East Lothian brands where feasible and promote the East Lothian brand to current and potential businesses, residents and visitors – working closely with Scottish Enterprise, Scottish Development International and Visit Scotland. • Encourage wider engagement with East Lothian partners, key business influencers and residents as ambassadors and champions, to 'sell' what East Lothian has to offer to wider audiences. • Consider how East Lothian Council and its strategic partners can best deploy existing resources to deliver 	East Lothian Community Planning Partnership Connected Economy Group	East Lothian Council Scottish Enterprise/Scottish Development International Skills Development Scotland ESESCRD VisitScotland Visit East Lothian East Lothian Golf Tourism Alliance/East Lothian Tourism Attractions Group East Lothian Food and Drink BID QMU Mid- and East Lothian Chamber of Commerce Federation of Small Businesses Other local Business Groups/Fora Area Partnerships	High	Short-Medium term

#	Project	Key actions	Lead responsibility	Partners	Priority	Timescale
		the proposition, improve the area's offer, and ensure that East Lothian can influence the regional approach emerging through the ESESCRD.		Scottish Government Marketing Edinburgh Edinburgh College		
2	Prepare strategic sites for development and marketing (including Cockenzie, Blindwells, QMU (ESESCRD), other public sector assets)	<ul style="list-style-type: none"> • Take a collaborative approach and work with strategic partners, developers, Further and Higher Education providers and communities to deliver major development and infrastructure projects, across public, private, academic and third sectors. These projects are initially defined as Cockenzie, Blindwells, QMU (through ESESCRD), coastal sites and emerging redundant public sector assets as economic development opportunity. Utilise partners' and others specialist technical and financial input. <ul style="list-style-type: none"> ○ Where necessary and at the appropriate time, develop detailed development proposals for these sites. In doing so, due cognisance should be given to examples of best practice elsewhere in Scotland, such as Inverness Campus, and the Diageo site in Kilmarnock. ○ The QMU Innovation Hub outline business case details the timescale, outcomes, impacts and funding required. This should act as guiding document for preparatory work during the period of this strategy. ○ Blindwells will be a 'new town' with the first houses being built during 2018/19. It will be important to ensure that economic benefits and that the ESESCRD project are both realised • Align major development and infrastructure opportunities to East Lothian's existing priority sectors, as well as any emerging sector or technological opportunities. • As far as possible, identify how the development can be 'future-proofed', e.g. incorporation of renewable energy and other sustainability features, purpose-built ducting to accommodate future infrastructure roll-out such as ultrafast broadband. • Identify and explore opportunities to deliver education and training opportunities through the site's construction 	East Lothian Council	East Lothian Community Planning Partnership Connected Economy Group ESESCRD Developers Scottish Futures Trust Scottish Enterprise/Scottish Development International Skills Development Scotland QMU Mid- and East Lothian Chamber of Commerce Federation of Small Businesses Area Partnerships Transport Scotland Local communities Forth Ports	High	Medium-Long term

#	Project	Key actions	Lead responsibility	Partners	Priority	Timescale
		<p>and operational phases, e.g. through construction apprenticeships, Community Benefit clauses, Further/Higher Education hubs, etc.</p> <ul style="list-style-type: none"> Explore the potential to provide business incubation space, start-up units and business ‘touch-down’ space to support the nurturing of business start-ups and entrepreneurialism in East Lothian, as well as to capitalise on linkages with QMU and the Edinburgh Innovation Park, and encourage potential spin-outs to locate in East Lothian. (linked to Project 1) 		NHS		
3	Improve the economic performance of East Lothian's key sectors	<ul style="list-style-type: none"> Agree and resource the refresh and development of Action/Implementation Plans for East Lothian's priority sectors. Emphasis should be placed initially on Tourism, Food and Drink, Care, Industrial Biotechnology and Renewables. For Tourism, the existing Action Plan's delivery should be evaluated, and refreshed accordingly. The Action Plan should continue to address the following in the first instance: <ul style="list-style-type: none"> Identified gaps in the tourism offer; The development of East Lothian's wildlife, coast, cycling and walking opportunities (outdoor tourism) ; and The need to better join up different strands of the tourism and Food and Drink offer. Maximise the key assets in East Lothian to support sector development, e.g. Industrial Biotechnology at QMU, heritage assets such as John Muir in support of tourism, etc. Help to grow and develop East Lothian's Food and Drink BID to showcase East Lothian's food and drink across Scotland and UK. This may include exploring the need/demand for development of a business mentoring scheme of small/start-up food and drink businesses to support growth and expansion of upstream activities, exporting, product development, access to markets, etc. Develop a more co-ordinated approach to unlocking the area's potential as an events and business tourism destination, and attract major events to East Lothian on 	East Lothian Council	<p>East Lothian Community Planning Partnership Connected Economy Group</p> <p>VisitScotland</p> <p>Tourism stakeholders and businesses</p> <p>Scottish Enterprise/Scottish Development International</p> <p>SE account management</p> <p>Skills Development Scotland</p> <p>QMU</p> <p>Mid- and East Lothian Chamber of Commerce</p> <p>Federation of Small Businesses</p>	Medium-High	Short-Medium term

#	Project	Key actions	Lead responsibility	Partners	Priority	Timescale
		<p>a more regular basis – e.g. golf championships, conferences, festivals.</p> <ul style="list-style-type: none"> For Industrial Biotechnology, scope out the requirement for an action plan that maximises the potential from capabilities at QMU and the Edinburgh BioQuarter, the Edinburgh Innovation Park development, and key existing East Lothian companies. Develop joint offers/cross-marketing with Edinburgh to exploit complementary opportunities and make the most of regional initiatives. 		<p>Visit East Lothian</p> <p>East Lothian Food and Drink BID</p> <p>Scottish Food & Drink Federation</p> <p>East Lothian Works</p> <p>ESESCRD</p>		
4	Improve East Lothian's connectivity	<ul style="list-style-type: none"> Maximise the opportunity presented by strategic transport infrastructure improvements delivered through the ESESCRD to unlock additional transport infrastructure improvements across the local authority area. Enhance and better integrate public transport provision and connectivity, by: <ul style="list-style-type: none"> Examining the potential for timetable scheduling with transport providers to reduce connection times and enhance multi-modal journeys. Explore the potential for public transport interchanges across East Lothian. Work to improve rural transport connectivity. Explore opportunities to encourage and support more sustainable and healthy modes of transport, e.g. cycling, through the provision and promotion of more cycleways and dedicated cycle lanes, and Green Active Travel Corridors. Explore opportunities to deliver public transport through innovative alternative means (e.g. social economy model). Support increased levels of digital inclusion and speed across East Lothian, to help businesses and communities take advantage of improved broadband infrastructure and mobile network coverage. 	East Lothian Council	<p>Scottish Government</p> <p>Abellio Scotrail</p> <p>Transport Scotland</p> <p>East Coast Buses</p> <p>Bus companies</p> <p>Sustrans Scotland</p> <p>Social economy Sector</p> <p>BT</p> <p>Digital Scotland</p> <p>Area partnerships</p> <p>Edinburgh College</p> <p>ESESCRD</p>	Medium-High	Medium term

#	Project	Key actions	Lead responsibility	Partners	Priority	Timescale
		<ul style="list-style-type: none"> Lobby the Scottish Government to dual the A1 to the Scotland-England border, as an important strategic transport route for East Lothian. 				
5	Enhance East Lothian's business support infrastructure and make the most of assets	<ul style="list-style-type: none"> Make the most of the knowledge and experience of local business influencers to help support East Lothian businesses and entrepreneurs. Better joining up of SE's account management service, Business Gateway, East Lothian Works, Chambers of Commerce, FSB and East Lothian Council's business/economic development services to better encourage businesses to grow, convert lifestyle businesses, and secure a strong pipeline of growth and potential high-growth businesses. Build low carbon planning, energy efficiency and sustainability advice into the East Lothian business support ecosystem. Review demand for East Lothian's business premises and explore opportunities to enhance local business premises offer 	East Lothian Council	East Lothian Community Planning Partnership Connected Economy Group Scottish Enterprise/Scottish Development International Business Gateway Scottish Government Skills Development Scotland QMU Edinburgh College Mid- and East Lothian Chamber of Commerce Federation of Small Businesses Other local Business Groups/Forums East Lothian Works Transport Scotland	Medium	Short-Medium term

#	Project	Key actions	Lead responsibility	Partners	Priority	Timescale
				Voluntary and social enterprise sector		
6	Energise East Lothian's town centres and rural economy	<ul style="list-style-type: none"> In line with the development of prospectuses through Strategic Workstream 1, develop and market distinctive branding of each town which builds on each town's existing assets. Develop, support and market East Lothian's rural economy and associated opportunities. Support local efforts to enhance East Lothian's town centres, improve the retail and visitor experience, and make improvements to street scenes, parking provision, amenities, etc. Encourage town centre development, and support mixed uses in town centres to enhance sustainability and resilience by: <ul style="list-style-type: none"> Exploring and taking advantage of opportunities to developing business space within town centres; Identifying opportunities for community and social use of premises in town centres, recognising the shift in retail trends, and changing nature of high streets; and Considering alternative commercial uses of town centre and rural assets. Provide continued support for local retailers and businesses through 'shop local schemes', farmers' markets, making connections to East Lothian Food & Drink. Work to extend and encourage 'shoulder season' tourism activity and evening economy activity in towns. 	East Lothian Council	<p>East Lothian Community Planning Partnership Connected Economy Group</p> <p>Mid- and East Lothian Chamber of Commerce</p> <p>Federation of Small Businesses</p> <p>East Lothian Works</p> <p>Local Business Groups/Fora</p> <p>Area partnerships</p> <p>Voluntary and social enterprise sector</p> <p>Town centre business, rural business and other interest groups and stakeholders</p>	Medium-High	Medium term
7	Develop more sustainable employment and training pathways for all in East Lothian	<ul style="list-style-type: none"> Ensure a smooth and well-communicated learner journey across East Lothian's learning and employability pathways. Seek opportunities to enhance the delivery of East Lothian Works, and enhance complementarity with the Integrated Regional Employability and Skills (IRES) programme to maximise opportunity and join up learning and employability services. 	Skills Development Scotland	<p>East Lothian Council</p> <p>East Lothian Works</p> <p>Skills Development Scotland</p> <p>DYW (Developing the Young Workforce)</p>	Medium-High	Short-Medium term

#	Project	Key actions	Lead responsibility	Partners	Priority	Timescale
		<ul style="list-style-type: none"> • Align skills provision with industry need in East Lothian through work placements, education-industry partnerships, etc. • Embed employability attributes and skills into the curriculum from as early an age as possible so building resilience, flexibility and team working. • Work with DYW Edinburgh, Midlothian and East Lothian to: <ul style="list-style-type: none"> ○ Increase the involvement of local businesses in supporting youth transitions – e.g. enterprise education in schools, work experience placements, apprenticeships. ○ Develop mentoring of young people in and from school into Further Education or employment. ○ Provide opportunities for young people to develop entrepreneurial skills and align these with other programmes and options. ○ Deliver the East Lothian Guarantee. • Ensure continued accessibility of FE and training opportunities for East Lothian's young people, such as through local delivery by the school-college partnership, and the provision of transport passes. • Seek opportunities to increase the number of apprenticeships and National Training Programmes opportunities taken up by young people in East Lothian. This should include the increasing opportunities for Graduate Level Apprenticeships. Align with the East Lothian Workforce Plan (ELC and SDS) • Identify need/demand for life-long learning opportunities, and help East Lothian residents to upskill, change careers, or return to the labour market. 		<p>Edinburgh, Midlothian and East Lothian</p> <p>QMU</p> <p>Edinburgh College</p> <p>Local employers</p> <p>DWP/Job Centre Plus</p> <p>STRIVE/3rd sector</p>		

Monitoring and evaluation framework

1.4 The following table sets out a monitoring and evaluation framework for the delivery of the refreshed East Lothian Economic Development Strategy and action plan.

1.5 We recognise that some indicators will be progressed as an indirect result of work on other indicators, for example an increase in BERD will not be directly achieved by East Lothian Council, more by supporting an increase in the business base and other improvements. These indicators are included in the monitoring and evaluation framework as a means of measuring the impact of the Strategy.

Indicator	Baseline	Target	Timeframe	Notes
Increase the business base	3,180	3,300	2022	Baseline is for 2018. Source: UK Business Counts, NOMIS.
Increase the number of businesses accessing support services	237	400	2022	Baseline is for 2016/17 and includes businesses supported by Business Gateway (134), East Lothian Works (69), SDI (24) and SDP (10). Source: SLAED Indicators Framework.
Increase number of businesses in growth pipeline/ accepted for SE account management <i>Number of actively innovating businesses</i>	5	6	2019	Baseline is for 2017/18 target. <i>It should be noted that there is a limit to the number of businesses accepted for account management.</i> Source: East Lothian Council.
Increase employment	28,500	34,000	2022	Baseline is for 2015. Source: Business Register and Employment Survey, NOMIS.
Increase job density (jobs per working age population)	0.55	0.60	2022	Baseline is for 2016 Source: Business Register and Employment Survey, NOMIS, and Mid-Year Population Estimates, NOMIS.
Increase new/safeguarded jobs from completed inward investment projects	0/0	140/100	2022	Baseline is for 2016/17. Aligned to SLAED indicators. Source: SLAED Indicators Framework.
Increase amount of available development-ready employment land and economic assets ¹ <i>Particularly for high value employment use</i>	0m ²	+100,000m ²	2022	Baseline is for 2015. Please note that the Cockenzie site (90,000m ²) accounts for the vast majority of the target increase. Source: SLAED Indicators Framework and Employment Land Audit.
Decrease town centre vacancy rate	5.6%	5%	2022	Baseline is for 2016/17. Aligned to SLAED indicators. Source: SLAED Indicators Framework.

¹ This is based on the 2015 Employment Land Audit, and contrasts with the amount of available land allocated for employment use in the recently adopted East Lothian Local development Plan 2018

Indicator	Baseline	Target	Timeframe	Notes
Increase workplace:residence earning ratio	0.94	1	2022	Baseline is for median gross weekly earnings for full time workers in 2016. Aligned to SLAED indicators. Source: Annual Survey of Hours and Earnings, NOMIS.
Increase BERD	£3.9m	£5m	2022	Baseline is for 2016. Source: Scottish Government Gross Expenditure on R&D.
Maintain level of apprenticeship starts	550	550	2019	Baseline is for 2017/18. Please note this is an annual target of starts that is to include Modern, Graduate and Foundation Apprenticeships. Source: Skills Development Scotland.
Increase tourist visitors	1.35m	1.5m	2022	Baseline is for 2016. Source: STEAM.
Increase % of tourists staying overnight	32%	35%	2022	Baseline is for 2016. Source: STEAM.
Increase superfast broadband connectivity	92.1%	100%	2022	Baseline is for 2018. Source: thinkbroadband.com

East Lothian Partnership

**East Lothian Economic Development Strategy
Review and Refresh
for
East Lothian Council on behalf of the East Lothian
Partnership Connected Economy Group**

ANNEX 4

October 2018

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Executive summary

Overview

The central purpose of the East Lothian Economic Development Strategy for 2012 to 2022 is to identify the opportunities which East Lothian can exploit to maximise its sustainable economic competitiveness. In doing so, the Strategy provides a framework which will guide and drive forward a more joined up approach to economic development across East Lothian's Local Outcomes Improvement Plan. The aims of the refresh were as follows:

- To evaluate progress made with the Strategy to date (early to mid-2018) against the baseline indicators set;
- To review Strategy objectives and targets within the context of the significant changes in the current landscape; and
- To refresh the Strategy accordingly.

The review and refresh of East Lothian's Economic Development Strategy (EDS) has been driven by substantial changes in the policy context at UK, Scotland, regional and local level in recent years. The scale of change within East Lothian has been considerable, with new challenges and opportunities in place and emerging.

Performance

Performance against the strategic goals of the original EDS has been broadly good. One of the primary strategic goals of the EDS, to increase the business base by 350 businesses by 2022, has been well exceeded to date, with an increase of 620 businesses between 2010 and 2017. The other, to increase employment by 7,500 jobs to 2022 and thus raise job density to that of surrounding authorities, has seen slower growth.

There have been a number of other achievements. The Invest in East Lothian Programme has helped to market East Lothian's employment and business offer and act as an advice service to potential inward investors. East Lothian Works was launched in 2013 and offers support to young people and adults looking to enter employment and employers looking to recruit, retain and progress staff. Employment and particularly youth unemployment has fallen as a result. The Youth Unemployment Plan was launched in 2017/18 and East Lothian has also fully participated in Developing the Young Workforce (DYW).

Strong progress has been made within the tourism sector in East Lothian, and this is expected to continue through to 2022. The East Lothian Tourism Action Plan has been developed and updated every two years and there have been improvements to overall branding, such as 'Edinburgh's Coast and Countryside'. There have also been strong developments in East Lothian's food and drink sector. The Scottish Centre for Food Development and Innovation (SCFDI) was opened in 2014 at QMU and will host East Lothian's Food and Drink BID, the first such BID for Food and Drink.

Local Economic Assessment

East Lothian has one of the fastest growing populations in Scotland and this is expected to continue to 2041. However, the proportion of people of working age is below the Scottish average, and the population is ageing, which is a challenge for the supply of labour and the dependency ratio.

The business base in East Lothian has demonstrated strong growth in recent years, and number of jobs in East Lothian has been growing at a faster rate than the ESES region and nationally, although this is

expected to slow to 2028. East Lothian residents tend to work in higher skilled occupations; however many commute out to Edinburgh for employment. Within East Lothian itself the job opportunities tend to be more lower skilled. There is a particularly high rate of part-time and self-employed working in East Lothian.

There is forecast to be strong growth in employment in the high-value Professional, Scientific and Technical sector in future. The challenge will be to realise this growth to ensure a supply of well-paid local jobs for the growing population.

Since the global economic downturn East Lothian's growth in GVA and productivity has lagged behind the ESES region and Scotland for most of the last decade. However, Business Expenditure on Research and Development (BERD) has grown significantly and the ESESCRD is likely to enhance job creation.

The number of school pupils has grown over the last two decades and is expected to continue, against the national trend. School leaver attainment is broadly in line with national averages, although the percentage of East Lothian school leavers entering directly into employment is above the national average.

Key issues

East Lothian's strengths are in its diverse business base with sectoral strengths in food and drink, tourism and Higher Education, entrepreneurial culture, skilled workforce, proximity to Edinburgh and its quality of life.

Weaknesses are its lack of large employers, the rate of out-commuting for employment, pockets of deprivation in Musselburgh, Wallyford and Prestonpans, limited land availability for economic use in areas of high demand, and poor transport connectivity. There are also key challenges in creating skilled, well-paid employment in East Lothian, despite business creation rates. The amount of usable land for employment in East Lothian remains low, albeit addressed through the East Lothian Local Development Plan 2018, and physical and digital connectivity is also a continuing challenge. Brexit undoubtedly presents a range of labour market and trade implications, and likewise the loss of European funding. There are other challenges including responding to demographic change, town centre regeneration and boosting the rural economy, and addressing infrastructure issues.

Despite this, there are significant opportunities for East Lothian. Inclusion in the £1.3 billion Edinburgh South East Scotland City Region Deal is a key opportunity for East Lothian, and it will be important to ensure East Lothian optimises potential economic and social benefits through close partnership working including the opportunity to develop aligned initiatives and funding mechanisms available through the City Deal. An important opportunity going forward is to promote East Lothian through the development of an overarching set of propositions for economic development.

The Cockenzie site is now in council ownership and control, and unlocking the site and adjacent assets is a key development opportunity for East Lothian. Alongside the developments at Blindwells and QMU, these offer the potential to create significant construction and subsequent high-value employment and business creation. There are also other opportunities around tourism, food and drink and emerging sectors for East Lothian.

The Refreshed Economic Development Strategy

The Strategy contributes directly to economic development objectives set out in The East Lothian Plan and Local Outcomes Improvement Plan, and also the recently adopted Local Development Plan. The overall Strategy is set within a strategic framework for delivery.

There are two strategic goals around businesses and jobs:

- To increase the number of businesses in East Lothian with growth potential (**BUSINESSES**); and
- To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy (**JOBS**)

The strategic goals are supported by five strategic objectives:

- To be the best connected place in Scotland to set up and grow an innovative business
- To be Scotland's leading coastal, leisure and food & drink destination
- To explore and develop regional opportunities to support economic development and to encourage study, work, investment and spend in East Lothian
- To provide high quality employment pathways for East Lothian's workforce
- To become Scotland's most sustainable and digitally-connected local economy

To help deliver the Strategy, seven strategic workstreams have been identified:

- Develop a set of propositions for East Lothian to attract investment
- Prepare strategic sites for development and marketing – including Cockenzie, Blindwells, QMU (ESESCRD) and other public sector assets
- Improve the economic performance of East Lothian's key sectors
- Improve East Lothian's connectivity
- Enhance East Lothian's business support infrastructure and make the most of our assets
- Energise East Lothian's town centres and rural economy
- Develop more sustainable employment and training pathways for all in East Lothian

Overarching the strategic workstreams is the Edinburgh and South East Scotland City Region Deal and the activities that will impact East Lothian. Each project must take cognisance of the Deal and capture benefits that can be delivered through it.

Implementing the Refreshed Economic Development Strategy

To support the delivery of the refreshed EDS, there is a revised set of targets and accompanying Monitoring and Evaluation Framework (MEF), as well as an Action Plan setting out key actions, tasks and responsibilities against each of the Strategic Workstreams.

This refreshed strategy will enable East Lothian to proactively respond to a rapidly changing policy context.

1 Introduction

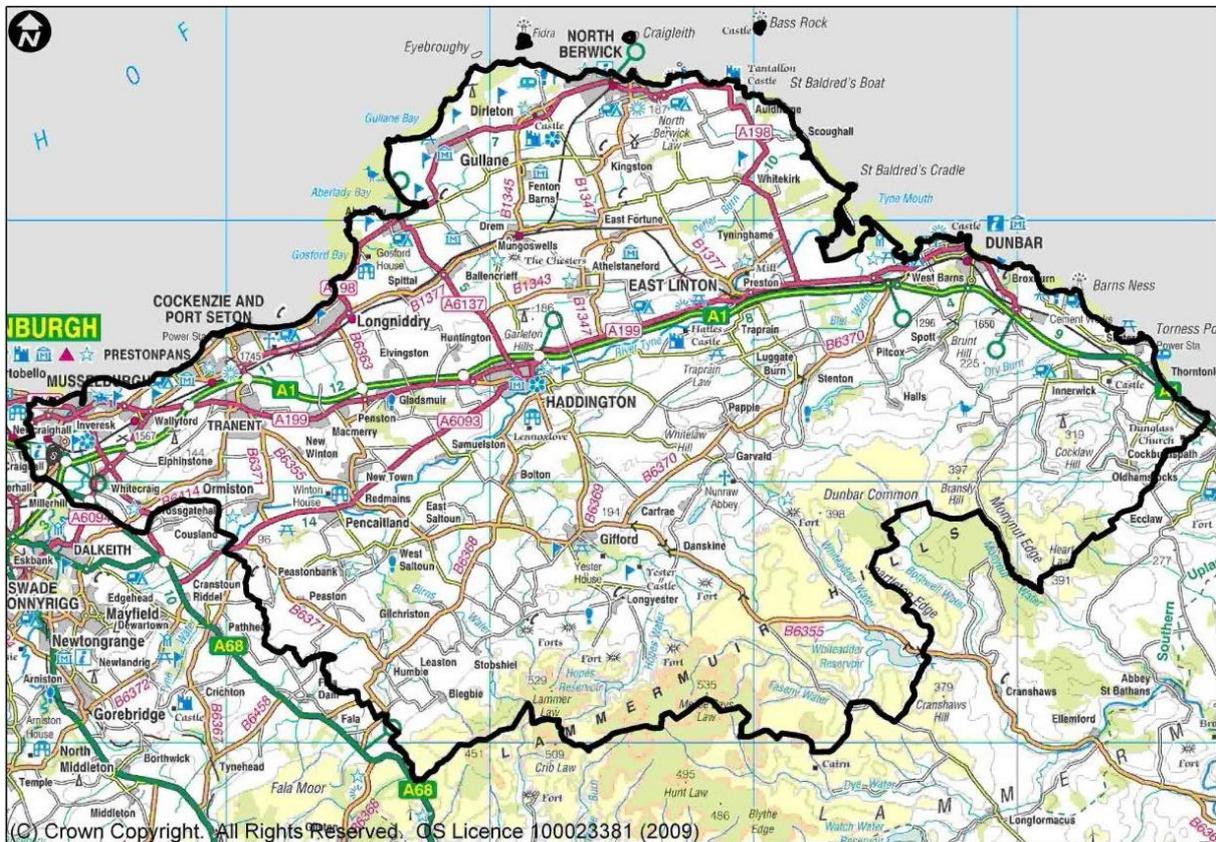
Background

1.1 East Lothian is part of the Edinburgh city region. It is located to the east of Edinburgh's suburban edge. East Lothian measures approximately 270 square miles in area, and includes 43 miles of coastline. The area has six main towns and extends from Musselburgh in the west to Dunbar and beyond to the area's administrative boundary with Scottish Borders in the east. To the south are the Lammermuir Hills and to the west are the Midlothian and City of Edinburgh Council areas. The Firth of Forth and East Lothian's attractive coastline are to the north.

1.2 East Lothian is widely recognised as a fantastic place to live with a beautiful coast and countryside, attractive and distinctive towns, good quality housing, schools and services, and its proximity to Edinburgh's jobs, businesses and attractions. All these factors contribute to a view of East Lothian being an area of high employment and general affluence. In this context, market failure and resultant economic development interventions have not historically been of scale and need in East Lothian.

1.3 However, slow recovery and economic growth since the 2008 recession has impacted on this perception, particularly given the continued constraints on public finances, and ongoing uncertainty in the economy largely driven by the UK's withdrawal from the EU. As a result of a challenging economic environment, economic development and the need to develop appropriate market interventions have increasingly become a key priority for East Lothian, driven by East Lothian Council. It is at the forefront of East Lothian Community Planning Partnership's Local Outcomes Improvement Plan and East Lothian Council's Council Plan as well as reflected in other partners' plans and priorities.

Figure 1.1: The East Lothian Council area



The brief

1.4 The central purpose of the East Lothian Economic Development Strategy for 2012 to 2022 is to identify the opportunities which East Lothian can exploit to maximise its sustainable economic competitiveness. In doing so, the Strategy provides a framework which will guide and drive forward a more joined up approach to economic development across East Lothian's Local Outcomes Improvement Plan. The aims of the refresh were as follows:

- To evaluate progress made with the Strategy to date (early to mid-2018) against the baseline indicators set;
- To review Strategy objectives and targets within the context of the significant changes in the current landscape; and
- To refresh the Strategy accordingly.

Refreshing the Economic Development Strategy

1.5 The review and refresh of East Lothian's Economic Development Strategy (EDS) has been driven by substantial changes in the policy context at UK, Scotland, regional and local level in recent years. ekosgen was commissioned by East Lothian Council on behalf of the (then) Sustainable Economy Partnership to undertake this review and refresh, and deliver a revised EDS for East Lothian. Also, the scale of change within East Lothian has been considerable, with new challenges and opportunities in place and emerging. These changes have included the adoption of the 2018 East Lothian Local Development Plan (LDP), which sets out the strategy for growth in the area, and plans for extensive new housing developments. Consequently a refreshed strategy was overdue to inform and influence approach.

1.6 The refresh has undertaken an examination of the strategic goals, objectives and projects of the existing EDS, and assessed progress that has been made against these to date. It has also considered the current policy context for economic development in East Lothian, highlighting important areas of change since the publication of the EDS in 2012 at UK, Scottish, regional and local level. It also identifies strategically important existing programmes and interventions in East Lothian together with new and emerging opportunities.

1.7 A key component of the refresh is the local economic assessment, drawing on the most recent data relating to East Lothian's population, labour market, business base, economic performance, education and skills pipeline and key infrastructure projects. The key opportunities for East Lothian going forward were then considered, with consideration of the barriers to exploiting these opportunities.

1.8 This has informed the development of the refreshed EDS for East Lothian, detailing the strategic vision, objectives and framework, and a revised Action Plan for implementing the refreshed EDS.

The Strategy document

1.9 The Strategy document is structured in the following way:

- Chapter 2 provides an overview of the original Strategy and sets out the current policy context;
- Chapter 3 sets out a local economic assessment for East Lothian, using the most current data;
- Chapter 4 describes the key strengths and weaknesses in the East Lothian economy, and the opportunities and challenges for East Lothian going forward;
- Chapter 5 sets out the refreshed Strategy; and
- Chapter 6 describes the high-level actions required for delivering the refreshed EDS.

2 Strategy and policy review

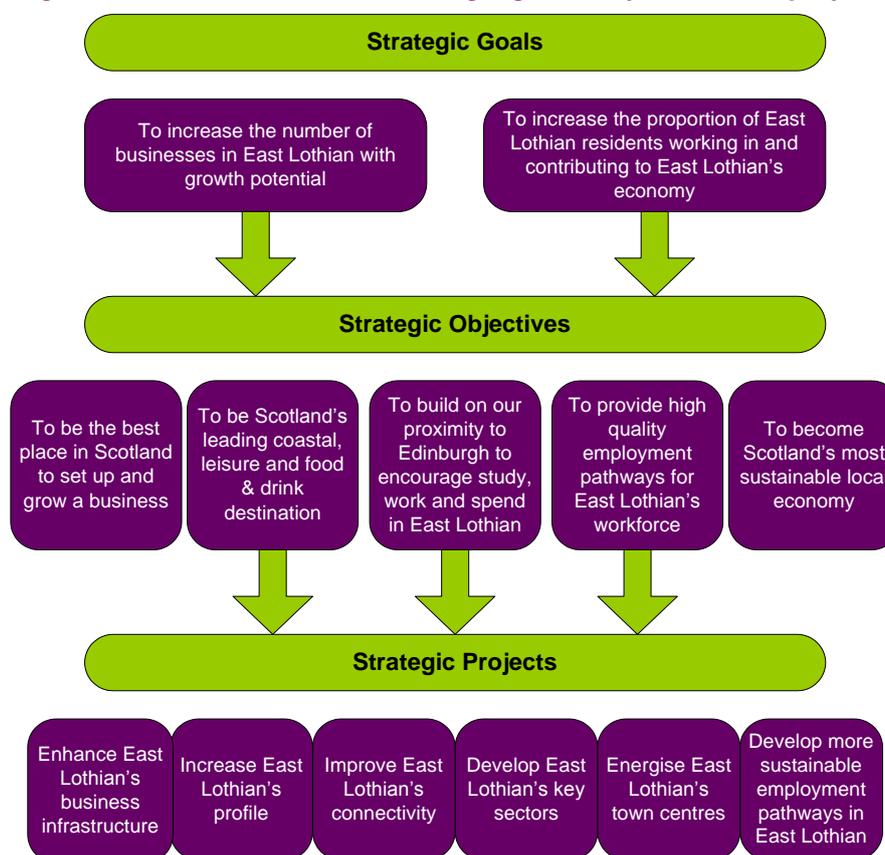
Headline messages

- One of the primary strategic goals of the EDS, to increase the business base by 350 businesses by 2022, has been well exceeded to date, with an increase of 620 businesses between 2010 and 2017. The other, to increase employment by 7,500 jobs to 2022 and thus raise job density to that of surrounding authorities, has seen slower growth.
- The Invest in East Lothian Programme has helped to market East Lothian's employment and business offer and act as an advice service to potential inward investors.
- East Lothian Works was launched in 2013 and offers support to young people and adults looking to enter employment and employers looking to recruit, retain and progress staff.
- Since East Lothian Works was launched, employment and particularly youth unemployment has fallen. There have also been improvements in school leaver positive destinations: East Lothian is the second most improved authority in Scotland for the participation measure.
- The Youth Unemployment Plan was launched in 2017/18 and East Lothian has also fully participated in Developing the Young Workforce (DYW).
- Strong progress has been made within the tourism sector in East Lothian, and this is expected to continue through to 2022. The East Lothian Tourism Action Plan has been developed and updated every two years and there have been improvements to overall branding, such as 'Edinburgh's Coast and Countryside'.
- East Lothian hosted The Open in 2013 and the Aberdeen Standard Investments Scottish Open and Ladies Scottish Open in 2015 and in 2018.
- There have also been strong developments in East Lothian's food and drink sector. The Scottish Centre for Food Development and Innovation (SCFDI) was opened in 2014 at QMU and will host East Lothian's Food and Drink BID, the first such BID for Food & Drink.
- There has been significant policy and wider political change since the publication of the EDS, and the policy environment will arguably continue to change in the short term.
- East Lothian has performed well in terms of business creation. Although many of these new businesses have been in the high-value Professional, Scientific and Technical sector, creating skilled, well-paid employment in East Lothian continues to be a challenge.
- The £1.3 billion Edinburgh and South East Scotland City Region Deal (ESES CRD) was agreed with both UK and Scottish Governments in August 2018 and will have significant long-term economic and social impacts both locally and regionally.
- Large-scale proposed developments, such as the new town at Blindwells, have the opportunity to create significant construction employment. This will be supported through the new Integrated Regional Employability and Skills (IRES) programme through the ESES CRD which will have a particular focus on construction skills.
- Council and public sector assets will continue to be assessed for alternative uses, and any realised developments will benefit the local and wider economies.
- Connectivity remains a challenge. The ESES CRD proposes an opportunity to improve transport links for East Lothian, including improvements to the A720 City Bypass. Further infrastructure improvements are promoted through the East Lothian LDP 2018.
- The amount of usable land for employment in East Lothian remains low. However, the Council purchased the former Cockenzie Power Station site in April 2018 illustrating its ambition for local economic development and plans to develop this site into 90,000m² of employment space will alleviate some of the constraints on business space.
- The adopted LDP 2018 provides for the acquisition of 25 Ha of economic land at Queen Margaret University by East Lothian Council and will provide for 38 Ha of additional employment land at other sites.

The Economic Development Strategy 2012-2022

2.1 The East Lothian EDS 2012-2022 has a number of strategic goals, objectives and projects, which are outlined at Figure 2.1. In order to refresh and review the EDS it is important to give an overview of what the goals, objectives and projects were and the progress that has been made against these.

Figure 2.1: East Lothian EDS Strategic goals, objectives and projects



2.2 The strategy has two primary strategic goals, set because the East Lothian economy had proportionally fewer businesses and jobs than elsewhere in Scotland:

- To increase the number of businesses in East Lothian with growth potential, and create an additional 350 businesses in East Lothian by 2022.
- **To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy**, creating an additional 7,500 jobs in East Lothian by 2022, putting East Lothian on parity with the Scottish Borders and Fife in terms of job density levels.

2.3 In order to achieve these broad goals more specific objectives were set:

- **To be the best place in Scotland to set up and grow a business** – to increase the number of businesses in East Lothian, a number of actions are proposed, including marketing East Lothian's high quality business support offer and highly qualified workforce. The need to increase land availability to businesses is also highlighted.
- **To be Scotland's leading coastal, leisure and food & drink destination** – this builds on East Lothian's already strong Tourism sector. Actions include forming a more joined-up

tourism offer, developing cross-marketing with Edinburgh and promoting previously untapped areas such as wildlife, coast and cycling tourism.

- **To build on East Lothian’s proximity to Edinburgh to encourage study, work and spend in East Lothian** – this focuses on promoting the proximity of East Lothian to Edinburgh, along with its lower costs and skilled workforce to attract new jobs and businesses to the area. It also underlines the potential for increasing resident spend by improving town centres in East Lothian.
- **To provide high quality employment pathways for East Lothian’s workforce** – this highlights the increasing youth unemployment and ageing workforce and population in East Lothian, meaning there is a need to support young people into employment, along with older people looking to remain economically active or seeking to change career.
- **To become Scotland’s most sustainable local economy** – this seeks to capitalise on the potential to improve the sustainability of the East Lothian local economy through developing public transport, local jobs and low carbon sectors, including renewables.

2.4 From the objectives a number of strategic projects were also developed, which cut across a number of the objectives:

- **Develop East Lothian’s key sectors** – action plans here include the update of the East Lothian Tourism Strategy, a review and update of the East Lothian Food and Drink Strategy and the development of an East Lothian Renewable Sector Implementation Plan.
- **Increase East Lothian’s profile** – key tasks include working with VisitScotland and Scotland Development International (SDI) to join up East Lothian marketing and branding; exploring future marketing opportunities; and attracting major events to the area.
- **Improve East Lothian’s connectivity** – the action plan sets out tasks under this strategic project including improving public transport in the area and considering options for developing broadband infrastructure.
- **Enhance East Lothian’s business infrastructure** – action plan tasks include working with SDI to develop marketing materials that underline the benefits of East Lothian as a business location. Other plans include developing a mentoring scheme for small and/or new businesses and enhancing business networks and connectivity to encourage East Lothian businesses to trade with one another.
- **Energise East Lothian’s town centres** – this includes plans to develop distinctive branding for each town in East Lothian and commitments to support and develop efforts to improve town centres and continue support for ‘shop local’ and farmers’ markets schemes.
- **Develop more sustainable employment pathways in East Lothian** – the primary task here is the development of an East Lothian Youth Employment Plan in collaboration with Skills Development Scotland. After the development of this plan it is suggested further plans should be developed to focus on groups including lone parents, disabled and older workers.

Strategy progress

2.5 In terms of strategy progress, Table A in Appendix A sets out delivery achieved against targets.

2.6 For the headline targets of job and business growth there has been progress. The EDS targets an increase of 7,500 jobs in East Lothian in the period to 2022. The Business Register and Employment Survey (BRES) shows that from 2010 (the Strategy’s baseline year) to 2015 (the latest year available) the number of jobs in East Lothian has increased from 26,500 to 28,500. This represents progress on the 7,500 target, which is aimed to be achieved by 2022. UK Business Count data show that from 2010 to 2017 the number of businesses in East Lothian has increased from 2,515 to 3,180, a growth of 665.

This is far greater than the target of 350 additional businesses in the area by 2022. Looking more specifically at the period since the strategy was released, from 2012 to 2017 there has been an increase of 500 businesses.

2.7 This data is also relevant to a number of strategic objectives and projects that deal with jobs and business creation. Looking beyond the headline figures, one of the biggest developments has been the establishment of the East Lothian Works service.¹ This is a partnership comprising Economic Development, Schools, Edinburgh College, QMU and the Third Sector which was established in 2013 and is run in collaboration by partners including ELC, Business Gateway, Job Centre Plus and Skills Development Scotland. East Lothian Works contributes to the development of employment pathways by providing adults and young people with advice and support regarding skills and employment.

2.8 In terms of youth unemployment more specifically, East Lothian's Youth Unemployment Plan 2017/18 was recently published and this outlines various programmes and projects delivered by ELC (via East Lothian Works), educational providers, Skills Development Scotland, Developing the Young Workforce and other organisations to improve young people's skills and employability.² There has been a significant reduction in youth unemployment over the period since the Strategy was released. The figure quoted in the strategy is 24.8% from 2010/11, this had fallen to 18.1% when the EDS was published in September 2012 and this had significantly reduced to 10.8% in 2016/17.

2.9 East Lothian Works also contributes to enhancing the area's business infrastructure, growing business in the area and marketing the area to employers and investors. It does this through several services. These include the provision of advice and support to businesses via Business Gateway and other partners' services, including support with recruitment, young people recruitment incentives and work through the Invest in East Lothian Programme to promote the benefits of the area to businesses.³

2.10 There have also been significant areas of progress in projects focused on the development of key sectors. Firstly the East Lothian Tourism Action Plan has been updated, with a new version to be developed for 2018-2020. It builds on work in this area which has included the delivery of key events in East Lothian, such as The 2013 Open Golf, which created a direct economic impact of £13.44 million in East Lothian.⁴ The 2018 Aberdeen Standard Investments Scottish Open and Ladies Scottish Open was also held in East Lothian, delivering a net local economic impact of £5.5 million, helping to sustain 103 tourism jobs. There has also been the development of consistent marketing and branding – Visit East Lothian – which has been joined up with the Edinburgh offer through the tagline Edinburgh's Coast and Countryside.⁵

2.11 Other work in key sectors has included the formation of the East Lothian Food and Drink Business Improvement District (BID) in 2016, which is a collaboration between East Lothian food and drink businesses. The BID has established the East Lothian – Scotland's Food and Drink County branding and promotes the 'made by us' products of its members.⁶ It is the first food and drink BID. Within the renewables sector there has also been progress as there has been further development of wind energy in the area since the publication of the strategy, including the completion of the second Aikengall wind farm. There are also possibilities for further development of the renewable energy sector through the planned development at the former Cockenzie power station site.⁷

2.12 Connectivity developments within public transport have included the extension of bus routes between Edinburgh and East Lothian through the new Lothian Buses East Coast Buses services, which

¹ http://www.eastlothian.gov.uk/info/200522/east_lothian_works

² http://www.eastlothian.gov.uk/download/downloads/id/12616/east_lothians_youth_employment_activity_plan_year_201718

³ <http://eastlothian.gov.uk/invest>

⁴ http://www.eastlothian.gov.uk/downloads/file/10981/east_lothian_tourism_action_plan_2016-2018

⁵ <http://www.visiteastlothian.org/home>

⁶ <https://www.scotlandfooddrinkcounty.com>; <https://www.bids-scotland.com/news-centre/949-east-lothian-food-and-drink-bid>

⁷ http://www.eastlothian.gov.uk/downloads/file/11480/proposed_local_development_plan

were introduced in 2016, including a tourist bus to East Lothian departing from central Edinburgh launched mid-2018. There is also further potential for the development of local rail services and stations. In terms of broadband connectivity, ELC has worked with Scottish Government and other partners to ensure that East Lothian connectivity is maximised and benefits from interventions.

2.13 Finally, for the strategic project to energise East Lothian's town centres, there have been a number of areas of progress. Town Centre projects/strategies have been published for both Haddington and Musselburgh. The Haddington project has highlighted proposed actions to make the town centre more accessible and to highlight areas of historic significance.⁸ The Musselburgh plan includes environmental improvements and planned distinctive branding of the town.⁹ All six Area Partnerships in East Lothian reference town centres/economic development and this is reflected in their action plans. Recent activity includes community charrette events to explore the regeneration of town centres in Tranent and North Berwick.¹⁰

2.14 The SLAED 2016/17 report highlights that there is still a lack of employment land available in the area, with East Lothian listed as having 0% available employment land. However, this may soon improve as the plans for the development of the former Cockenzie power station site include the provision of 90,000m² of employment land and provision for a further acquisition of 63 Ha of employment land, including 25 Ha at QMU, has been set out in the 2018 East Lothian LDP.¹¹

Current policy context

2.15 There have been substantial changes in the policy context at UK, Scotland, regional and local levels since the original EDS was published in 2012. These changes mean that the current Strategy needs to better reflect economic and social policy driving economic activity in East Lothian. The following section summarises the changing policy context for East Lothian.

UK policy context

2.16 Since the East Lothian EDS was developed in 2012, one of the most significant changes in UK policy is the prospective withdrawal of the United Kingdom from the European Union (Brexit). The vote to leave the European Union (EU) has had a profound impact on economic activity due to the uncertainty it has created around issues including the UK's participation in and relationship with the single market, and the status of EU migrants. When the UK exits the EU (due in 2019), changes in the UK's relationship with the single market are likely to have significant impact across the economy on trading activity and partners and the employment of EU nationals. This will affect businesses in East Lothian, and may lead to change in how local businesses operate, and deal with their international partnerships. Brexit could also impact upon tourism in the area as it will lead to changes in travelling rights for EU nationals and British citizens, perhaps making Britain a less desirable destination for EU nationals but also leading to more British citizens choosing to holiday in the UK.

2.17 The UK government has also recently released its Industrial Strategy. This has focused on a number of areas in which the government is looking to develop the British economy. These include artificial intelligence and data and driving innovation through investment in R&D. The strategy also highlights areas of challenge such as the need to promote environmentally 'clean growth', an ageing population and the need to develop transport and mobility.¹² The strategy will impact on the opportunities and priorities of the East Lothian economy as it will affect wider infrastructure and the

⁸ http://www.eastlothian.gov.uk/news/article/2492/haddington_town_centre_project

⁹ https://eastlothianconsultations.co.uk/housing-environment/draft-town-centre-strategy-for-musselburgh/supporting_documents/Musselburgh%20Town%20Centre%20Strategy%20.pdf

¹⁰ http://www.eastlothian.gov.uk/news/article/1879/help_us_design_a_new_town_centre_for_tranent/; <https://eastlothianconsultations.co.uk/policy-partnerships/is-north-berwick-town-centre-a-great-place-for-eve/>

¹¹ SLAED (2017) *Scottish Local Authorities Economic Development Indicators Framework 2016-2017*

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

availability of support and incentives. The focus on clean growth and transport development are areas that have been highlighted to be of particular importance for East Lothian.

2.18 Changes in energy policy have also had an important impact on the East Lothian economic landscape. The implementation of the Large Combustion Plant European Directive¹³ meant that the Cockenzie coal power plant no longer met environmental standards, and as a result it closed in March 2013. The Directive aimed to reduce emissions and its implementation in the UK required existing plants to install new technology or to opt out and close by the end of 2015, with the opt out being elected for in the case of Cockenzie. The closure of Cockenzie has impacted on the types of employment available in East Lothian as well as leaving a large area of land with development potential. In recognition of this opportunity, East Lothian Council concluded its purchase of the site in March 2018 and is currently undertaking remediation work and market demand assessment. The Masterplan for the site provides the context for this.

2.19 UK policy has also been impacted by ongoing austerity, which has impacted on the budget available to the public sector. This is of relevance to economic development within East Lothian due to the impact on both Scottish Government and local authority budgets which may affect the availability of support services. Welfare reform has also led to significant changes in the structure of benefits with the new Universal Credit payment system having gone live in East Lothian in January 2017. This change in the benefits system could potentially impact on employment within the area. Whilst it is too early to say what the long-term impact might be on employment and unemployment, recent DWP research indicates that Universal Credit has a positive impact on the labour market and moving people into sustained employment¹⁴. DWP say that Universal Credit is designed to be more flexible and transparent, ensure a greater financial incentive to move into work, and have a more tailored claimant commitment. However, there remain questions about its impact overall and importantly on particular groups, for example single parents¹⁵.

Scottish policy context

2.20 There have also been significant policy changes at Scottish Government level, which will have affected the wider social and economic context in East Lothian as well as impacting upon economic priorities, strategies and support services in the area.

Scottish Economic Strategy

2.21 One of the most important policy developments has been the publication of the Scottish Economic Strategy¹⁶ (SES) in 2015. As a whole the SES structures economic development within East Lothian as it provides the framework for national economic development and areas of government investment and support. The SES aims to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth, whilst ensuring that everyone in Scotland has the opportunity to fulfil their potential.

2.22 This approach is centred on two pillars: increasing competitiveness and tackling inequality. The SES has four priorities to achieve this – the four Is:

- Promoting **Investment** in people, businesses and communities. This includes focus on investment in education and health, infrastructure and business support.
- Fostering **Innovation** within businesses, research & development, public services and workplace practices.

¹³ <http://ec.europa.eu/environment/archives/industry/stationary/lcp/legislation.htm>

¹⁴ <https://www.gov.uk/government/publications/universal-credit-employment-impact-analysis-update>

¹⁵ <https://fullfact.org/economy/universal-credit-will-it-make-work-pay/>

¹⁶ Scottish Government (2015) Scotland's Economic Strategy

- Encouraging **Inclusive growth** which has positive benefits across society through fair work and tackling inequalities.
- Promoting **Internationalisation** of the Scottish economy through increased international trade and investment.

Enterprise and Skills Review

2.23 Another important part of changing national economic strategy is the Enterprise and Skills Review. In May 2016, the Scottish Government commenced a review of the enterprise and skills support provided by Scotland's economic development and skills agencies (HIE, Scottish Enterprise (including SDI), Skills Development Scotland (SDS), and the Scottish Funding Council (SFC)). Central to the review is maximising the agencies' individual and collective impact and effectiveness, through closer alignment and partnership working. Phase One of the review reported in October 2016, making 10 recommendations which focused on ensuring coherence and a simpler, more flexible and cost-effective system of national and local support. Phase Two of the Review commenced in November 2016 and reported in June 2017, with nine projects being established in order to take forward the Phase One Report recommendations.

2.24 As with the SES, the Enterprise and Skills Review is key to economic development within East Lothian as it has important consequences for employability and enterprise and business support services, both nationally and at the local level. Projects of particular relevance include:

- **Regional Partnerships:** This project aims to build regional partnerships within local authorities that can help to stimulate economic development. The project proposes that Regional Partnerships are led by local authorities and are comprised of local partners, drawing on the private, public and third sector as is best suited to the local area. Where government investment is sought the Scottish Government expects Regional Partnerships to have private sector representation. Regional Partnerships should demonstrate a strong understanding of the regional economy, and the ability to work together to develop the local economy. Regional Partnerships will offer another important body for the development of East Lothian economy.
- **Enterprise and Business Support:** This project proposes further collaboration between partners in order that enterprise and business support can become more coherent, effective and easier to use and understand. From this the project aims to improve the delivery of support and as a result increase company growth. This is of relevance to the EDS as it will have a significant impact on the business support landscape which can in turn help to boost the number and growth of businesses in East Lothian.¹⁷
- **Skills alignment:** The ambition driving this project is to develop a high-performing and responsive skills system that meets the changing needs of learners and employers. Its purpose is to improve alignment of services supporting the development of skills in Scotland. In particular, this will involve joint working between partners to improve the alignment of their functions to enhance education and skills planning to provide better outcomes for learners and employers. It will involve identifying skills needs in partnership with industry and working with colleges, universities, and training providers to respond to these needs. It will also co-ordinate and consider the effectiveness of investment to ensure the right balance of provision.

Employability policy

2.25 Since the publication of the East Lothian strategy in 2012 there have also been important developments within education and employability that have had wider impact on the economic landscape. The Commission for Developing Scotland's Young Workforce (the Wood Commission), was established in January 2013, during a time of high youth unemployment levels. It considered how to

¹⁷ <http://www.gov.scot/Resource/0052/00521428.pdf>

achieve better connectivity and co-operation between education and the world of work, alongside the development of the intermediate vocational education and training system. The report, published in June 2014 produced 39 recommendations.

2.26 Following this, the Scottish Government's Youth Employment Strategy, Developing the Young Workforce, was published in December 2014, which accepted all 39 recommendations in the Commission's report and set out how these would be implemented.¹⁸ Developing the Young Workforce (DYW), aims to create an excellent, work relevant education offer to young people in Scotland, giving them the skills for the current and anticipated jobs market. Developing the Young Workforce has also seen the formation of regional groups aimed at improving engagement between employers and education providers and more broadly supporting employers to take on young people. East Lothian is part of the Edinburgh, Midlothian and East Lothians group.¹⁹ This is an important area of policy for the East Lothian EDS as youth unemployment is highlighted within the EDS as a key priority for the area. In addition to DYW, the Curriculum for Excellence has seen the implementation of new qualifications at school level over 2014/15 to 2015/16, with an increased focus on promoting the development of skills for work and providing increased opportunities for vocational learning through modern, foundation and graduate level apprenticeship training.

2.27 The devolution of employability services to the Scottish Government has also led to important developments with Work First Scotland (WFS) and Work Able Scotland (WAS) being introduced in April 2017. These programmes are important for the East Lothian EDS because they are key additions to the national employability landscape as they seek to assist groups that may have particular difficulty in securing employment – disabled people (WFS) and people with a health condition who are at risk of long term unemployment (WAS). From April to September 2017 2,901 people joined WFS and 732 joined WAS. From April 2018, the employability services are being provided through Fair Start Scotland (FSS). FSS will aim to target a minimum of 38,000 people²⁰ nationally. East Lothian Works will enable effective integration and alignment of services locally with the FSS contracted provider Triage to ensure maximum impact going forward.

2.28 With the roll out of full Universal Credit, benefit claimant levels appear to have been rising and there remain persistent higher than average levels amongst certain groups, particularly those aged 18-24. A broader span of claimants are required to look for work under Universal Credit than under Jobseekers Allowance previously. Additionally, Claimant Count statistics – currently included on NOMIS as an experimental data series by ONS²¹ – includes all Universal Credit claimants who are required to seek work and be available for work, as well as all Jobseekers Allowance claimants. Therefore, the number of people recorded as being on the Claimant Count has risen.

2.29 There are other considerations related to employability. For example, the Scottish Government's commitment to increase free childcare to 1,140 hours per year to all three, four and eligible two year olds by 2020 could lead to growth within the Early Learning and Childcare sector. There is some potential to be an area of growth for the East Lothian economy, and in the longer term this may encourage more people, and women particularly, to return to the labour market.

Wider policy changes

2.30 There have been a number of other policy developments since the publication of the EDS in 2012. Table B in Appendix B summarises further relevant policy and strategy developments at the national level in Scotland.

¹⁸ <http://www.gov.scot/Resource/0046/00466386.pdf>

¹⁹ <http://www.employabilityinscotland.com/developing-young-workforce/edinburgh-mid-east-lothians/>

²⁰ <http://www.gov.scot/Publications/2017/12/6630/348260>

²¹ <https://www.nomisweb.co.uk/articles/922.aspx>

Regional policy context

2.31 As well as at the UK and national levels, there have also been important changes in the regional economic development landscape since the publication of the East Lothian EDS in 2012. Of particular note for the review and refresh of the EDS is the establishment of the Edinburgh and South East Scotland City Region Deal (ESESCRD). The ESESCRD comprises six local authorities – City of Edinburgh, Fife, East Lothian, Midlothian, Scottish Borders and West Lothian – a region with around 1.4 million people and contributing more than £33 billion to the Scottish economy annually.

2.32 City Deals in Scotland are a UK and Scottish Government initiative to put cities and their environs in direct control of both exploiting their economic opportunities and tackling their challenges. City Deals are agreements between government and a city that give cities the necessary resources and control to: take charge and responsibility of decisions that affect their area; do what they think is best to help businesses grow; create economic growth; and decide how public money should be spent.²² By encouraging Local Authorities to operate strategically at the regional level, they support a long-term focus on the priorities required to deliver positive outcomes in line with Scotland's Economic Strategy.

2.33 The ESESCRD heads of terms were agreed in July 2017 and the deal was formally agreed in August 2018 by the Prime Minister and First Minister. The region boasts a number of economic and social strengths, such as high growth sectors with high job creation potential; an established, high quality Higher Education sector; high levels of business expenditure on R&D and innovation; and the cultural attractions and offers of the City of Edinburgh. However, the region suffers from pockets of relatively high levels of deprivation, low paid and low skilled jobs, and a lack of affordable housing in comparison with substantial need and demand. The ESESCRD, worth over £1.3 billion over the next 15 years, will aim to address these economic and social challenges. Table 2.1 outlines the focus of ESESCRD on inclusive growth and the regional challenges it aims to overcome within each inclusive growth theme.

Table 2.1: ESESCRD Inclusive growth challenges

Inclusive Growth Theme	Regional Challenges
Economic Performance and Productivity: Economic growth is resilient, sustainable, and inclusive	Slow Growth <ul style="list-style-type: none"> • Slow productivity growth in recent years • Regional disparities in job and outputs growth • Forecast growth concentrated in Edinburgh Regional disparity in job density <ul style="list-style-type: none"> • Wide variations in job density • 0.55 in East Lothian, 1.02 in Edinburgh • Strong cross region commuting flows
Labour Market Access: Fulfilling, secure and well-paid jobs, where employees' contributions are encouraged, respected and valued	Group, Gender, and Age inequalities <ul style="list-style-type: none"> • Gender pay gap – men earn 14% more than women on average • Female participation rate – lower than male • Female employment rate – very low in Fife • Care Experience and those with a disability
Fair Work: Improved access to labour markets and jobs, inequality of opportunity to access work is addressed, and everyone is able to maximise their potential;	Low income and low pay <ul style="list-style-type: none"> • 22% of children live in low income households • Very wide local inequalities (9 wards with poverty rates >30%, 16 wards with poverty rate <15%)
People: Economic benefits and opportunities are spread more widely across Scotland's population, with lower poverty levels, and more equal income and wealth distribution	Skills Inequality and Polarisation <ul style="list-style-type: none"> • High skilled jobs – varies from 55% in Edinburgh to 38% in Scot Borders • Projections – fastest growth in high skilled jobs, increased 'hollowing' of labour market

²² <https://www.gov.uk/government/publications/2010-to-2015-government-policy-city-deals-and-growth-deals/2010-to-2015-government-policy-city-deals-and-growth-deals>

Inclusive Growth Theme	Regional Challenges
Place: More economic opportunities across Scotland's cities, towns, regions and rural areas, ensuring sustainable communities.	Housing, transport and connectivity <ul style="list-style-type: none"> • High House price to earnings ratios • Rapid growth in cost of private rented accommodation • Satisfaction with public transport varies widely

2.34 The commitments of the ESESCRD currently sit under the following five headings, all of which will have direct or indirect impacts on East Lothian:

- **Research Development and Innovation:** The ESESCRD will commit up to £350 million of funding over 15 years to support innovation projects. This includes a Food and Drink Innovation Campus located at Queen Margaret University (QMU) in East Lothian to support and grow the national food and drink sector.
- **Employability and Skills:** Key commitments include support from the Scottish Government to improve collaboration between regional partners, which can deliver better outcomes for those living in the region. The regional partnership will be given £25 million of additional funding over an eight year period to enable the introduction of an Integrated Regional Employability and Skills (IRES) programme to support more efficient and effective delivery of employability and skills interventions over the short, medium and longer terms.
- **Transport:** Commitments under this heading include £120 million investment from the Scottish Government for improvements on the A720 City Bypass, which serves East Lothian.
- **Culture:** Plans include up to £20 million of funding from the UK and Scottish Governments for the delivery of a new IMPACT concert hall in Edinburgh.
- **Housing:** Partners have committed to a 10 year regional new housing programme. This includes plans for the development of new housing at seven key sites, including the Blindwells site in East Lothian, as well as key sites elsewhere in the region.²³

Local policy context

2.35 Finally, there have also been a number of important policy developments at the local level, which will inform the refresh and review of the EDS. Most recently, in 2017, the East Lothian Local Outcomes Improvement Plan 2017-2027 was published by the East Lothian Partnership. The three themes for the priorities of the plan are:

- **Prosperous:** this encompasses priorities to have a thriving local business base, a local populace that does not suffer from in-work poverty and better access to digital infrastructure
- **Community minded:** this includes priorities to ensure there are strong communities in East Lothian offering affordable living
- **Fair:** this theme arises in part from the East Lothian Poverty Commission report and its priorities include tackling the causes and effects of poverty in the area and reducing the gap between the richest and poorest in East Lothian.²⁴

2.36 All three of these priorities link in with plans for economic development and can be used to help frame the EDS refresh.

2.37 Another important local strategic document, which will inform the refresh and review of the East Lothian EDS, is the East Lothian Proposed Local Development Plan 2016, which sets out a development strategy for the area to 2024 and beyond. Some of the relevant key priorities set out in the plan include

²³ ESES City Deal (2017) *Heads of Terms*

²⁴ http://www.eastlothian.gov.uk/downloads/file/9787/the_east_lothian_plan_single_outcome_agreement_2017

town centre development to help grow the local economy, the provision of employment land in order that more people can work within the local area and a commitment to building 10,000 new homes over the next ten years to help make East Lothian a more attractive place to live and work in.²⁵

2.38 Tourism has already been highlighted as an important sector for the East Lothian economy and as well as the National Tourism Plan, the 2016-2018 Tourism Action Plan is another important document to inform the refresh and review of the Strategy. The Action Plan refers to key areas for growth such as: joining up different strands of tourism, engaging with national tourism schemes, identifying and filling gaps within already existing areas of strength such as golf and food & drink and developing possibilities within other areas such as wildlife, cycling and walking.²⁶

2.39 Another key local development since the publication of the EDS has been the establishment of East Lothian Works in 2013. This is an employability and skills service which offers help and advice to those seeking work and skills as well as offering support to those looking to establish new businesses.²⁷ It represents an important addition to the local economic development landscape.

Existing programmes and interventions

2.40 This section details the existing programmes and interventions in East Lothian, including proposed ESESCRD projects, current skills services and developments at Cockenzie and within the tourism industry.

Edinburgh and South East Scotland City Region Deal

2.41 The ESESCRD includes several programmes and interventions that are of significant importance to East Lothian. There are a number of innovation-led investments, including associated infrastructure investment throughout the region, including industrial and business premises, to support businesses are able to engage with the data-driven innovation (DDI) opportunities offered through the ESESCRD's £350 million investment in DDI projects.

2.42 Interventions of specific relevance to East Lothian include: a Food and Drink Innovation Campus located at QMU; a new housing development at Blindwells; and an Integrated Regional Employability and Skills (IRES) programme. These interventions are detailed below.

Edinburgh Innovation Park, QMU

2.43 Amongst the ESESCRD's innovation-focused investments, funding will be committed to support a Food and Drink Innovation Campus located at QMU in East Lothian to support and grow the national food and drink sector.

2.44 The Edinburgh Innovation Park will build on the existing Food and Drink infrastructure at QMU. The Scottish Centre for Food Development and Innovation (SCFDI) was opened at QMU in December 2014 to provide the Scottish Food and Drink industry with a combined space to undertake R&D and innovation activity to help access new export markets. This builds on QMU's reputation for Food and Drink research. SCFDI works with partners including Interface, Scottish Enterprise, Scotland Food and Drink and Business Gateway, and its facilities include a microbiology laboratory, a chemistry laboratory, an industry testing space for new technology and a sensory suite. The Council will enter into a joint venture with QMU to enable project delivery.

2.45 The East Lothian Food and Drink BID was created in 2016, establishing the East Lothian – Scotland's Food and Drink County branding. The BID has also sought to promote the products of

²⁵ http://www.eastlothian.gov.uk/downloads/file/11480/proposed_local_development_plan

²⁶ https://www.eastlothian.gov.uk/downloads/file/23154/east_lothian_tourism_action_plan_2016-18

²⁷ http://www.eastlothian.gov.uk/info/200522/east_lothian_works

members as 'made by us'.²⁸ QMU hosts the BID's administrative functions²⁹, creating more streamlined support for this key sector in East Lothian.

Housing

2.46 Regional partners have committed to delivering a ten year programme of new housing across the region. A large number of new homes will be delivered across the region, particularly through unlocking a number of key development sites, including Blindwells in East Lothian.

2.47 The Blindwells development has the potential for 6,000 new homes. The first phase of the plan includes 1,600 homes, 480 of which are affordable homes, the provision of business units, a primary school, a supermarket and green space.³⁰ This phase is due to commence shortly and be completed within 12-15 years. There is currently access to the Blindwells site via the A198, which is due to be widened, and the site is close to the A1. The initial construction for Phase One of the development could potentially create around 350 jobs.

2.48 The ask of the Scottish Government, through the ESESCRD, is to make Blindwells a regional housing priority.

Employability and skills

2.49 The IRES programme aims to increase the capacity of current employability and skills delivery in the region, and also to increase the flow of disadvantaged groups into opportunities generated through the ESESCRD, as per the Inclusive Growth agenda. With £25 million over eight years, the IRES programme is aimed at reducing skills shortages and gaps and support those from disadvantaged groups to move into sustainable, good quality career opportunities.

2.50 The programme links in with various other ESESCRD interventions, including the housing strand, with the creation of a cross-agency Construction Skills group which includes representation from industry, education, skills agencies and local authorities to better plan for future demand. The group has identified a requirement for an additional c.4,000 workers with FE/HE skills and the upskilling for almost 6,000 people over the next five years to satisfy demand. It is also to integrate with the DDI strand by training up the talent pipeline in DDI to support the city region's growth ambitions of being the 'data capital of Europe'.

2.51 The current East Lothian Council employability service, East Lothian Works, is a 'one-stop shop' which combines services for employers and those seeking employment. The service supports jobseekers and employers in East Lothian with recruitment and retention of staff, and training and workforce development. The centre, which is adjacent to the Council's Haddington offices, also provides advice, guidance and signposting to funding for those looking to set up a business or relocate or expand an existing business.

2.52 For employers, the services include support with staff recruitment, retention and progression of staff. For adults seeking employment, East Lothian Works provides numeracy and literacy support, adult learning classes, work experience and employability training and a local employability directory. For young people, the service offers Activity Agreements, opportunities to gain work experience placements, one-to-one mentoring with school pupils and a Disability Youth Transitions Service working with 15-20 year olds looking to move into a positive destination.

2.53 Also, the Edinburgh, Midlothian and East Lothian Developing the Young Workforce (DYW) group was launched in 2015. The role of the group is to facilitate employer engagement with schools

²⁸ <https://www.scotlandsfooddrinkcounty.com>; <https://www.bids-scotland.com/news-centre/949-east-lothian-food-and-drink-bid>

²⁹ <https://www.qmu.ac.uk/news-and-events/news/20171025-food-and-drink-bid-comes-to-qmus-campus/>

³⁰ <http://www.bbc.co.uk/news/uk-scotland-edinburgh-east-fife-39431518>

and colleges and the group encourages and supports employers to offer more employment opportunities for young people.

Cockenzie

2.54 Another important development for economic growth in the local area has been the acquisition of the former Cockenzie Power Station. East Lothian Council completed the purchase of the site in March 2018, and is now at the planning stage to develop the site as an area of substantial economic activity and is currently exploring market demand. The *Former Cockenzie Power Station & Surrounding Area Masterplan* outlines plans to develop 90,000m² of employment space and 3,500 new jobs, generating £66 million for the East Lothian economy.

2.55 The masterplan is a visionary document. Though not approved by the Council, it is an important consideration, together with other workstreams and technical work, in shaping and influencing the development of national and local planning policy. It splits the site into four zones. The Coastal zone would provide office, retail and offshore energy employment alongside recreational outlets. The Energy quarter will offer renewable energy opportunities again alongside retail and recreational outlets, whilst the Coal Store will be the main employment hub with manufacturing, office and training facilities. There are also plans to retain the Battle of Prestonpans site as an area of green space amidst the more built up areas of the development.³¹ The Masterplan outlines a vision for the site and East Lothian Council's purchase demonstrates ambition for job creation. The Cockenzie site is adjacent to the proposed development of Greater Blindwells and the potential of linking a new skilled workforce with a new employment area alongside infrastructure and energy related opportunities needs to be realised.

Tourism

2.56 Tourism is a key sector for East Lothian in terms of employment opportunities and bringing visitors and visitor spend into the local economy. Visitors are particularly attracted to the area for the natural landscape, the leisure activities, including golf, and the food and drink offer. This is reflected in the ELC Strategy which sets an objective for East Lothian to become 'Scotland's leading coastal, leisure and food and drink destination'.

2.57 A high proportion of visitors to East Lothian come from elsewhere in Scotland. East Lothian has marketed itself to visitors in recent years with the '*Wish You Were There...*'³² initiative and, more recently, under the 'Edinburgh's Coast and Countryside' banner. There are a number of offers and events in the area that attract these visitors. In terms of festivals and events, the Fringe by the Sea, Lammermuir Festival, the Saltire Festival and the 3 Harbours Festival and just some of the events that attract visitors from outwith the area. The 2015 East Lothian Visitor Survey found that key visitor segments are active explorers, family timers, relaxers, event-goers and people visiting friends and relatives. The report also highlighted the opportunity for East Lothian to attract a greater number of overseas tourists visiting Edinburgh.³³

2.58 Golf is estimated to attract 100,000 visitors to East Lothian each year. The area has hosted high profile golfing events in recent years – The Open in 2013 at Muirfield Golf Links and the 2015 ASI Scottish Open and Ladies Scottish Open at Gullane Golf Club. The 2018 ASI Scottish Open and Ladies Scottish Open was again be held at Gullane and both events will be hosted at The Renaissance Club in 2019.

2.59 The East Lothian Tourism Action Plan for 2016-2018 outlines the following four areas for growth, which align with those set out in the EDS:

³¹ http://www.eastlothian.gov.uk/info/204/local_development_plan/1850/former_cockenzie_power_station_and_surrounding_area_masterplan_report

³² http://www.eastlothian.gov.uk/news/article/1167/wish_you_were_there

³³ https://www.eastlothian.gov.uk/download/downloads/id/23153/east_lothian_visitor_survey.pdf

1. Identify and address gaps in tourism across all industry sectors including golf and food and drink for e.g. resort and brand hotels, increase weekend and evening offering
2. Develop tourism opportunities and projects around East Lothian's wildlife, coast, cycling, golf and walking.
3. Join up different strands of tourism offering e.g. golf, coast, town centres, attractions and food and drink and to develop projects to encourage longer stays and spend higher.
4. Encourage use of national schemes as and when appropriate e.g. Go Rural and initiatives with VisitScotland such as themed years.

3 Local Economic Assessment

Headline messages

- East Lothian has one of the fastest growing populations in Scotland and this is expected to continue to 2041.
- The proportion of people of working age is below the Scottish average, and the population is ageing, which is a challenge for the supply of labour and the dependency ratio.
- The number of jobs in East Lothian has been growing at a faster rate than the ESES region and nationally, although this is expected to slow to 2028. The challenge will be to ensure a supply of local jobs for the growing population
- East Lothian residents tend to work in higher skilled occupations, although, within this, the share of professional occupations lags behind the regional proportion due to the 'Edinburgh effect' which inflates the regional average.
- Within East Lothian itself the job opportunities tend to be more lower skilled. There is a particularly high rate of part-time and self-employed working in East Lothian.
- There are 3,180 businesses in East Lothian and the business base has demonstrated strong growth in recent years. It has exceeded the EDS target of an additional 350 businesses.
- Businesses in the area are engaged with East Lothian Council support services, Business Gateway, Scottish Development International and the Supplier Development Programme.
- Human Health is the top employing sector in East Lothian, followed by Wholesale and Retail. Employment in Education is high and above the Scottish average.
- There is forecast to be strong growth in the high-value Professional, Scientific and Technical sector with an additional 350 jobs to 2028.
- Tourism is an important sector and key markets are day visitors and tourists from other parts of Scotland. There is a focus on major events and consistent marketing to strengthen the sector.
- Since the global economic downturn East Lothian's growth in GVA and productivity has lagged behind the ESES region and Scotland for most of the last decade.
- Business Expenditure on Research and Development (BERD) has grown significantly and the ESESCRD is likely to enhance job creation.
- East Lothian has a well-qualified working age population, above the national average.
- The number of school pupils has grown over the last two decades and is expected to continue, against the national trend.
- School leaver attainment is broadly in line with national averages, although the percentage of East Lothian school leavers entering directly into employment is above the national average.

Introduction

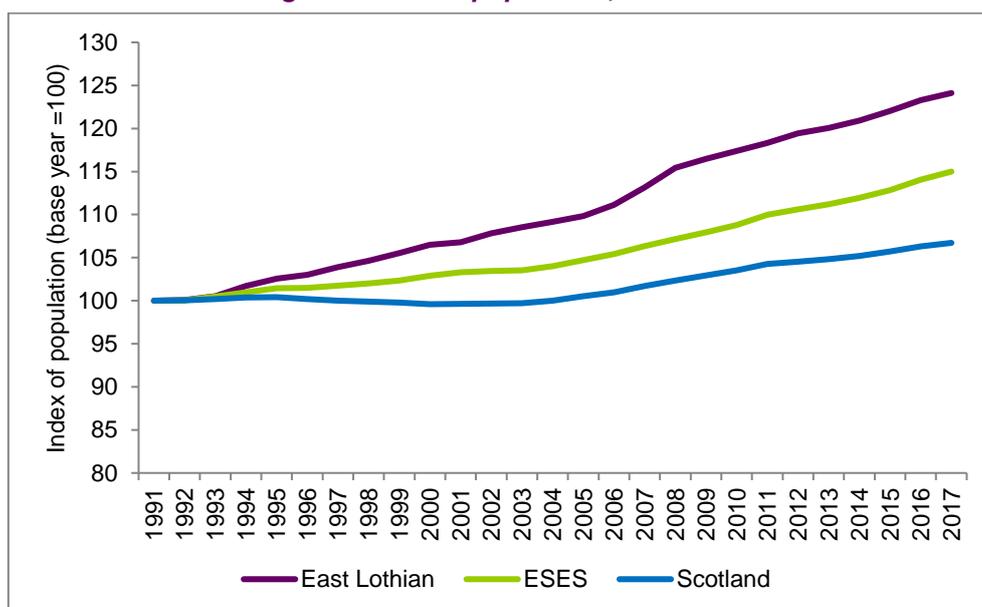
3.1 This chapter is the Local Economic Assessment for East Lothian. It draws on published datasets to present the current position and identify trends over time, in terms of population and demographics, the labour market, business base, sectoral strengths, the local economy and education.

Where possible, data for East Lothian is compared to Edinburgh and South East Scotland (ESES) region³⁴ and Scotland as a whole. Further detail of data is provided in Appendix D.

Demographics

3.2 Figure 3.1 shows that East Lothian's population is rapidly expanding. There were just over 104,000 East Lothian residents in 2017, with strong growth of 24% from 1991, significantly faster than 15% growth in the ESES region and 7% nationally. East Lothian's population is projected to continue to grow.

Figure 3.1: Total population, 1991-2017



Source: Mid-Year Population Estimates, 2018

3.3 East Lothian is forecast to be one of the fastest growing council areas in Scotland, in terms of population. Only Midlothian is projected to grow more rapidly in the period to 2041. The latest population projections from National Records of Scotland³⁵ show that the East Lothian population will grow by around 19,000 people, or 18%, between 2016 and 2041. As shown at Figure D.1 in the appendix, the corresponding figures for the ESES region and Scotland are 12% and 5% respectively.

3.4 This forecast population growth is driven by positive net migration, rather than increased births. This suggests that East Lothian is an increasingly attractive place to live. The National Records of Scotland splits the projected population growth over 2016 to 2041 into +20,740 net migration and -1,604 natural change. This will therefore have implications for housing, transport, schools, health and social care and local infrastructure in East Lothian.

3.5 The working age population (16-64 years) in East Lothian was 64,900 in 2017, accounting for 62% of the total population. This is below the proportion of people of working age in ESES region and Scotland (both 65%, see Figure D.2), meaning that the workforce in East Lothian going forward may be particularly tight. The working age population is forecast to comprise around 56% of the total East Lothian population by 2041, below the national average.

³⁴ The Edinburgh and South East Scotland City Region Deal consists of the following local authorities: City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian.

³⁵ <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections>

3.6 In line with the national picture, the East Lothian population is ageing and this is forecast to continue. The share of the population aged 65 years or more grew from 17% to 20% in the last decade. Looking forward, whilst the population aged between 0-15 and of working age is forecast to increase by 9% and 13% respectively, the population of people of pensionable age and over is projected to increase by 44%. This clearly suggests a steep increase in the dependency ratio in East Lothian.

3.7 The combination of a decline of people of working age and the ageing population presents an increasing challenge for both the supply of labour and for the provision of health and social care. Where will the workforce come from to provide for the needs of an ageing population?

3.8 East Lothian remains one of the least deprived council areas in Scotland which arguably contributes to its attractiveness as a place to move to and live. The 2016 Scottish Index of Multiple Deprivation (SIMD) shows that none of East Lothian's 132 datazones are in the 10% most deprived datazones in Scotland and this has case been the case over the past 12 years. East Lothian has two datazones in the 15% most deprived, both of which are in the Fa'side Area Partnership: one in Tranent and one in Elphinstone. However, the nature of rural poverty means that it is not well reflected by SIMD as it is more geographically dispersed than in more urban areas.³⁶ Although it should be noted that SIMD does include geographic access to services as a criterion.

3.9 SIMD is broken down into seven domains, set out at Table 3.1. East Lothian has 15 datazones in the 15% most access (to services) deprived in Scotland, and these are largely the rural areas outside Haddington and Dunbar. Many of the small pockets of deprivation in education, crime, housing and income are concentrated in Musselburgh, Prestonpans and Tranent.

Table 3.1: Number of East Lothian datazones in 15% most deprived in Scotland

Domain	No of datazones	% of EL datazones
Access	15	11%
Education	10	8%
Crime	8	6%
Housing	5	4%
Income	5	4%
Employment	1	1%
Health	0	0%
Overall rank	2	2%

Source: Scottish Index of Multiple Deprivation, 2016

3.10 Haddington, Dunbar and North Berwick, in particular, have very low levels of deprivation against all domains, making them more attractive areas for people to live.

The labour market

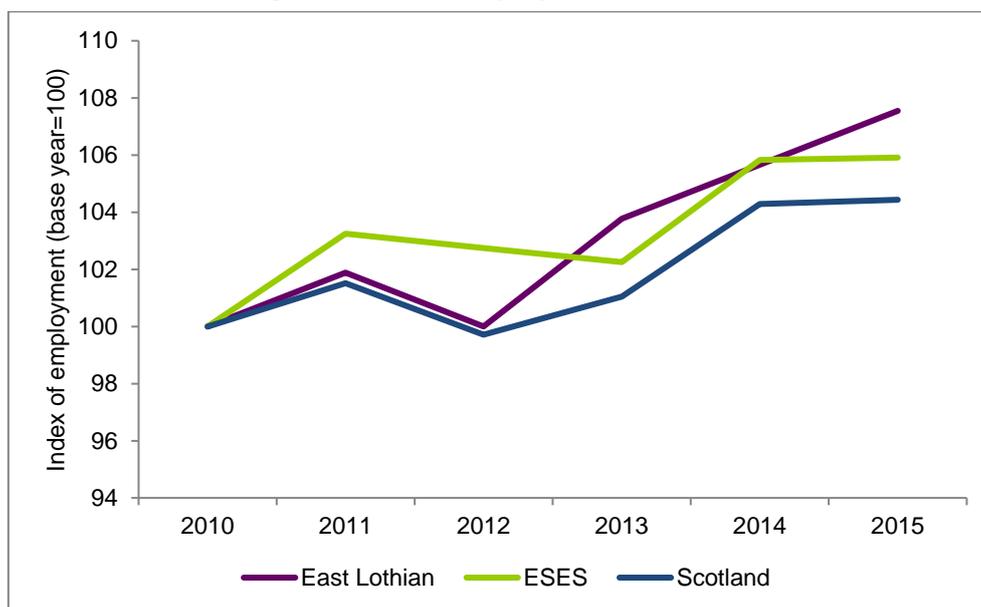
3.11 Total employment in East Lothian is rising, and at a faster rate than across the region as a whole and Scotland. Employment in 2015 was 28,500, and this is based on workplace-based figures i.e. the number of jobs in East Lothian, as opposed to the number of East Lothian residents with jobs. Total employment grew by 8% from 2010, as shown at Figure 3.2, compared to 6% growth across the ESES region and 4% across Scotland. The increasing number of jobs could be related to the population growth in East Lothian.

3.12 Due to a different methodology in capturing figures it is not possible to compare figures from after 2015 to preceding years. However, the data does show that in 2017 total employment in East

³⁶ <http://www.poverty.ac.uk/sites/default/files/attachments/PSE-Report-Scotland-urban-rural-poverty-March-2016.pdf>

Lothian was 31,500, representing a growth of 1,500 jobs or 5% since 2010 when using the same methodology. This indicates that the strong employment growth has continued.

Figure 3.2: Total employment, 2010-2015



Source: Business Register and Employment Survey

3.13 Following stagnant growth between 2017 and 2019, the number of jobs in East Lothian is anticipated to continue to rise to 2028³⁷. As shown at Figure D.3, job growth in East Lothian (5% growth) is forecast to outpace national growth (4%), but lag behind regional growth (7%) over the period to 2028. This has implications for ensuring that there are enough locally available employment opportunities for the growing population.

3.14 Part-time working remains high in East Lothian, which may point to more flexible working for residents, but may also mean a lack of full-time opportunities. In 2015 East Lothian had a lower full-time employee rate, at 63%, than ESES (68%) and Scotland as a whole (67%). This trend has been relatively stable since 2010. East Lothian has a relatively high prevalence of self-employment at 15.5% of everyone in employment. This is higher than the corresponding rates for ESES (10.9%) and Scotland (12.0%)³⁸ in 2017/18. Over the last decade, East Lothian's self-employment rate has consistently been above that of the region-wide and nationwide average. This could point to an enterprising culture that can be built on, but it may also be a reflection of people choosing self-employment due to a lack of locally available employment opportunities.

3.15 At 4.2% of the working age population, unemployment in East Lothian is slightly below the national rate, and well below the regional rate, as shown at Table 3.2. It has, however, been on a downward trend in East Lothian since the height of the recession, from a peak of 7.4% in 2010/11. In contrast, the economic inactivity rate continues to be lower in East Lothian than regionally or nationally. The rate has consistently outperformed both the regional and national rates over the last decade.

Table 3.2: Unemployment and inactivity rates, 2017/18

Indicator	East Lothian	ESES	Scotland
Unemployment rate	4.2%	3.1%	4.1%
Inactivity rate	17.7%	21.0%	22.2%

Source: ONS, 2018

³⁷ According to Oxford Economics forecasting data, used by Skills Development Scotland for the Regional Skills Assessments

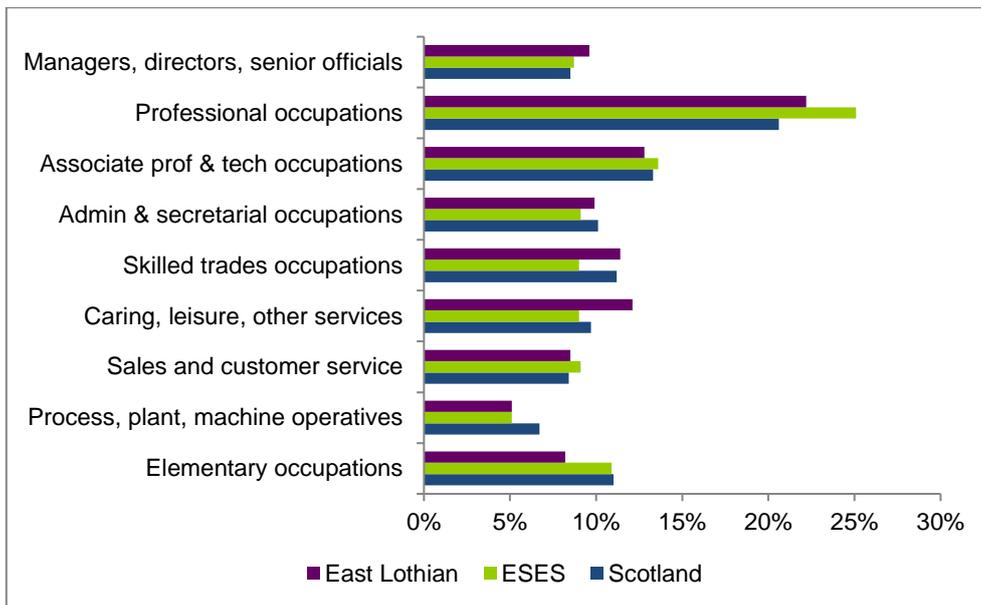
³⁸ Annual Population Survey, % in employment who are self-employed, aged 16+

3.16 In terms of International Labour Organisation (ILO) unemployment³⁹, around 2,200 East Lothian residents were unemployed in 2017/18 (a rate of 4.2%), and this has fallen by 1,400 since 2010/11. However, unemployment is still high for the youngest age groups, with around 8% of 16-24 year olds being unemployed in 2017/18, although this has fallen from a high of 24% in 2010/11.⁴⁰ This decline is partly due to the improved economic climate along with the Scottish Government’s focus on tackling youth unemployment for example through the Youth Employment Scotland Fund and Developing the Young Workforce (DYW) groups. However, the rate remains high and the risk for young people is that if they do not move in to jobs, they may face life long insecure and low value employment.

3.17 Over two fifths (45%) of East Lothian’s residents work in highly skilled occupations (managers, directors and senior officials; professional occupations; and associate professional and technical occupations). This is above the national average (42%), but lags behind the regional average (47%). The high proportion of people in highly skilled occupations in ESES is driven by the large proportion of residents employed in professional occupations (25% region-wide, compared to 22% in East Lothian and 21% nationally), as shown at Figure 3.3. Indeed, East Lothian has consistently had a lower share of professional occupations than the region over the past decade, due to the high density of these types of roles in Edinburgh. This will likely explain some of the outward commuting from East Lothian to Edinburgh for higher skilled jobs.

3.18 It is positive that East Lothian residents can earn higher wages in Edinburgh, and hopefully spend more income in their local area. However, East Lothian and its residents would benefit from higher value jobs and business activities being available locally. Currently, more lower-skilled jobs are available locally, for example East Lothian is over-represented in caring, leisure and other service occupations (12% of residents, compared to 9%-10% regionally and nationally).

Figure 3.3: Occupations, 2017/18



Source: Annual Population Survey, 2018

3.19 The 2018 Regional Skills Assessment⁴¹ for East Lothian forecasts a demand for skills in Human Health and Social Care. This demand will in part be driven by the Scottish Government’s expansion of

³⁹ This refers to people who are actively seeking and available for work, and is measured using an internationally agreed definition.

⁴⁰ SDS (2017) Data matrix, people and skills supply 2017

⁴¹ SDS (2018) Regional Skills Assessment: East Lothian Local Authority Infographic

free Early Learning and Childcare by 2020. There will also be increasing demand as a result of an ageing population, and the associated health and care requirements.

3.20 The demand for Construction skills, STEM and high-level skills, and also Digital and data skills is expected to grow in East Lothian. The demand for the latter is driven by the increasing application of ICT and Digital technology across all sectors. This is emphasised by the findings of ekosgen’s recent report into Digital Technologies skills in Scotland, which shows an increasing demand and expectation for people with digital skills across the economy.⁴² Similarly, there is a shortage of STEM skills in the Scottish economy, and East Lothian is no different.⁴³ This means there is a need for targeted education to align with skills shortages, and may also mean that East Lothian employers will be competing with employers in other areas for these skills.

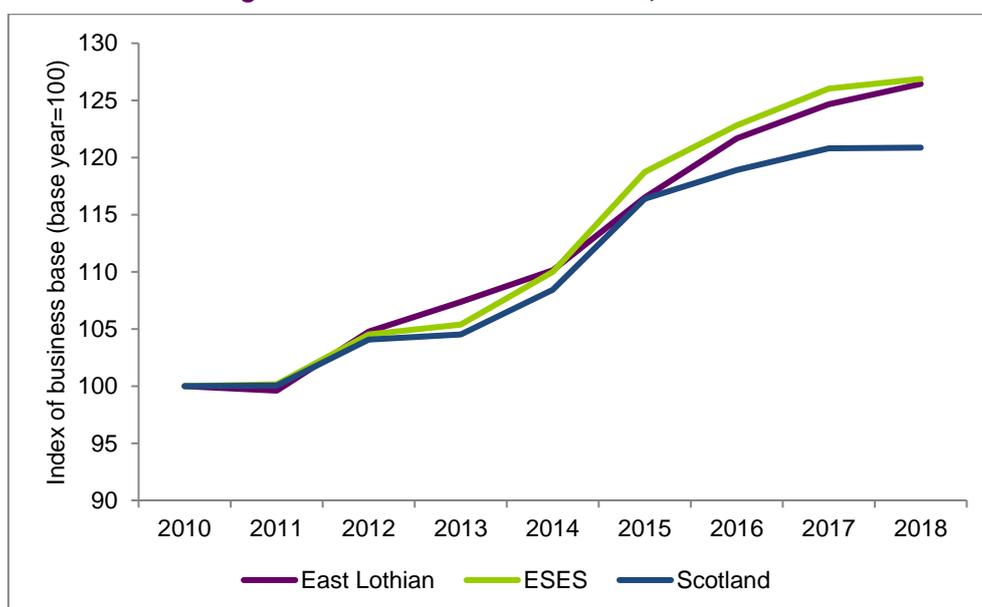
3.21 In 2017, the median annual gross pay for East Lothian *residents* in employment was just over £23,000⁴⁴. This is in line with the national average, although it has been marginally higher than the Scottish average over the last decade, suggesting that the national average has caught up. The average salary for East Lothian residents in full-time employment was £32,800 in 2017, 12% above the national average.

3.22 In contrast, the median annual gross pay for those *working* in East Lothian (but not necessarily resident in East Lothian) was £21,500, lower than resident-based pay and 8% lower than the national average. This reflects that people commute outwards to access higher paid jobs, most notably to Edinburgh.

The business base

3.23 There were 3,180 businesses in East Lothian in 2018, a growth of 665 (26%) from 2010. This already greatly exceeds the EDS target of an additional 350 businesses by 2020. As shown at Figure 3.4, the business base in East Lothian has grown at a faster rate than the overall Scottish business base since 2010 (21%), but slightly slower than the rate in the ESES region (27%).

Figure 3.4: Number of Businesses, 2010-2018



⁴² ekosgen / SDS (2017) Scotland’s Digital Technologies Sector Analysis: Final Report

⁴³ ekosgen / SDS (2017) Developing a Scottish STEM Evidence Base: Final Report

⁴⁴ Annual Survey of Hours and Earnings

Source: UK Business Counts, 2018

3.24 The East Lothian business base has a similar profile to the ESES region and Scotland as a whole. The business base in East Lothian is dominated by micro businesses (0 to 9 employees), which account for 89% of the base, largely in line with rates regionally and nationally (both 88%). Small businesses (10 to 49 employees) comprise 10% of the business base in East Lothian, medium-sized businesses (50 to 249 employees) account for 1% and large businesses (250 or more employees) less than 1%. These trends have been broadly stable since 2010.

3.25 East Lothian has a growing business birth rate, showing the area to be a supportive environment for those wishing to start a business. In 2016/17 there were 58 business starts for every 10,000 people in the working age population⁴⁵, slightly below the national average of 62 and West Lothian (59), but comparing favourably to other ESES regional authorities, Scottish Borders and Fife (both 54) and Midlothian (51). The business birth rate in East Lothian has grown slightly from 55 in 2014/15 and 51 in 2015/16.

3.26 Whilst the business birth rate is an important indicator, its benefits are realised through a strong survival rate. The business survival rate in East Lothian is similar to the national average and neighbouring council areas⁴⁶. Approximately 60% of businesses in the area survived over the three year period between 2012 and 2015, slightly lower than the Scottish rate (62%), Midlothian (63%) and Scottish Borders (67%), but slightly above that of West Lothian and City of Edinburgh (both 59%).

3.27 There is a range of support mechanisms, interventions and organisations in East Lothian to support the business base. These include East Lothian Council, East Lothian Works, Business Gateway (BG; delivered by East Lothian Council through East Lothian Works), Scottish Development International (SDI) for support to access international markets and the Supplier Development Programme (SDP) for support with public sector procurement.

3.28 Table 3.3 sets out the number of businesses supported or assisted by these organisations over the last three years. East Lothian Council business support appears to have become more targeted, with more businesses receiving fewer instances of support. This may partly be a result of budgetary constraints. The numbers of business support interventions through BG, SDP and SDI have been broadly steady over the period.

Table 3.3: Business support interventions

Support intervention	2016/17	2015/16
Businesses supported by ELC	69	32
<i>Instances of ELC support</i>	<i>151</i>	<i>386</i>
BG support interventions	134	161
SDI support assists	24	29
Businesses participating in SDP	10	23

Source: SLAED Indicators Framework, 2017

3.29 In addition, there were 226 BG start-up businesses trading in 2016/17. This had grown substantially from 148 in 2015/16 and 191 in 2014/15.

Sectoral strengths

3.30 Similar to the picture across ESES and Scotland, employment in East Lothian is concentrated in health, and also in other sectors that are relatively low paid. The top employing sectors in East Lothian

⁴⁵ SLAED Indicators Framework

⁴⁶ *ibid.*

are the Human Health sector (5,000 jobs), Wholesale and Retail (4,000) and Education (3,250). There is a greater dependence on the Human Health sector in East Lothian than in the region and nationwide, as shown at Table 3.4, and this dependency is a risk if the NHS faces further budgetary cuts.

Table 3.4: Top employing sectors, 2015

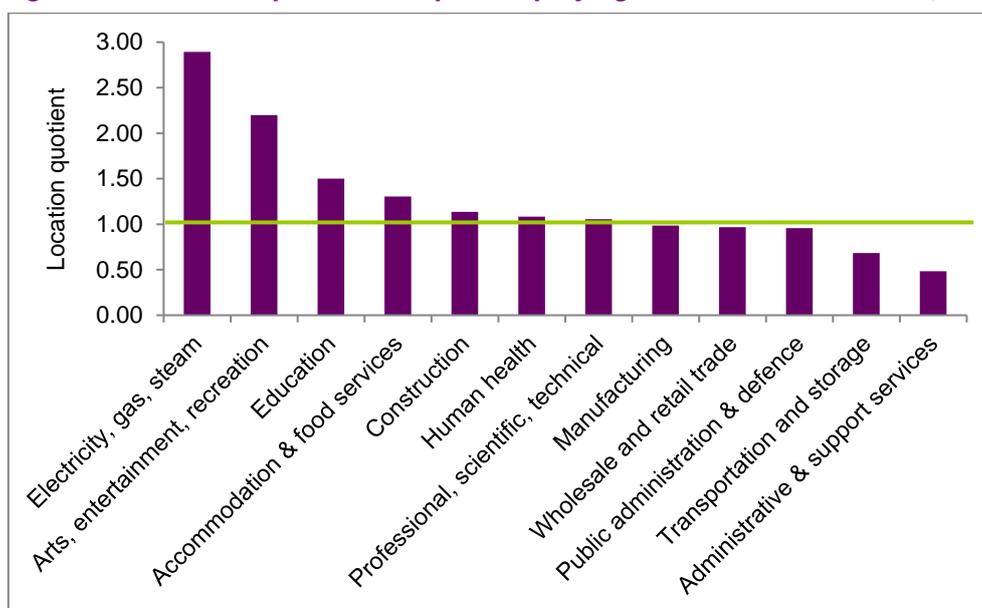
East Lothian	ESES	Scotland
Human Health (18%)	Human Health (15%)	Human Health (16%)
Wholesale and Retail (14%)	Wholesale and Retail (15%)	Wholesale and Retail (15%)
Education (11%)	Education (9%)	Accommodation and Food Services (8%)

Source: Business Register and Employment Survey, 2018

3.31 A location quotient shows the concentration of employment in sectors when compared to the national average. A location quotient of 1 means that the area’s share of employment in that sector is in line with the national average. Above 1 means that the sector is over-represented, and a location quotient of below 1 means that the area is under-represented in employment for that sector.

3.32 Figure 3.5 shows that East Lothian has a particular employment specialism in the Electricity, Gas and Steam sector – almost three times the national average, despite being a low employing sector (600 jobs) – and the Arts, Entertainment and Recreation sector – over double the national average, and employing over 1,600 people in East Lothian.

Figure 3.5: Location quotient of top 12 employing sectors in East Lothian, 2015



Source: Business Register and Employment Survey, 2018

3.33 East Lothian is forecast to experience substantial job creation in the high-value Professional, Scientific and Technical sector, of over 350 jobs, over the period to 2028. These jobs will likely be highly skilled and well paid, and help to close the gap in the share of Professional Occupations between East Lothian and the ESES region. They may also act as more local employment opportunities for those who commute to Edinburgh for higher paid jobs. There is also expected to be significant job growth in the Construction sector, in line with the national trends of construction being the fastest growing sector, and Arts, Entertainment and Recreation sector⁴⁷ (which is part of the Leisure and Hospitality super-sector).

3.34 However, as shown at Table 3.5, the Manufacturing sector is forecast to decline by over 300 jobs over this period, and there is also expected to be large declines in the Agriculture, Forestry and

⁴⁷ This includes gambling and betting; libraries and museums; sports activities; creative, arts and entertainment activities; and other amusements activities.

Fishing – similar to the sector’s trend nationally – and Public Administration sectors – unsurprising due to the current policy of austerity in the UK. The forecasts show that East Lothian’s high employment specialism in Electricity, Gas and Steam sector is due to decrease by 2028. This is in part due to the decommissioning of Cockenzie Power Station, and may also be due to the anticipated decommissioning of Torness nuclear power station. Sufficient alternative employment opportunities will be needed to keep these workers in East Lothian.

Table 3.5: Forecast job growth and decline by sector in East Lothian, 2017-2028

Sector	Change in jobs	% change in jobs
Highest forecast job growth		
Construction	422	15%
Arts, Entertainment and Recreation	362	13%
Professional, Scientific and Technical	351	15%
Highest forecast job decline		
Manufacturing	-318	-14%
Agriculture, Forestry and Fishing	-164	-8%
Public Administration	-120	-7%

Source: Oxford Economics forecast work, for Skills Development Scotland, 2018

3.35 The sectors with the largest number of businesses in East Lothian are the high value Professional, Technical and Scientific sector (545 businesses), Construction (415) and Wholesale and Retail (410). As shown at Table D.1, this is in line with the top business sectors both regionally and nationally.

3.36 The fastest growing business sectors in East Lothian are also in line with the figures for the ESES region and Scotland. Since 2010, the Professional, Scientific and Technical sector has seen a growth of 200 businesses in East Lothian (+58%). There has also been strong growth in the Administrative and Support Services (115 businesses, +82%) and Information and Communication (105 businesses, +81%) sectors

3.37 Tourism has been recognised as an existing strength of the East Lothian economy, which can be further developed. In total 1.35 million tourists visited East Lothian in 2016, a small fall from a peak of 1.44 million in 2014⁴⁸. The 2015 East Lothian Visitor Survey showed that the majority (71%) of visitors to East Lothian come from elsewhere in Scotland, with 42% coming from the City of Edinburgh, 23% are from elsewhere in the UK and 6% are from overseas. The survey also showed that just over half (52%) of tourists visited East Lothian as a day trip. To continue to exploit this domestic visitor market, strong transport links will be needed to facilitate visits, and high quality accommodation offers can encourage day visitors to stay overnight and therefore spend more money locally.

3.38 The Tourism sector has significant value for East Lothian, in terms of employment and visitor expenditure. The East Lothian Tourism Action Plan estimated the sector to account for 2,664 jobs or 10% of all employment in East Lothian⁴⁹, while the Scottish Government Growth Sector Statistics⁵⁰ estimated there to be around 3,500 people employed in the Sustainable Tourism sector in East Lothian in 2017. Total visitor spend in East Lothian in 2016 amounted to £187.69 million and the economic impact of tourism was £250.18 million.⁵¹ Major tourist events have had further significant impact on the East Lothian economy. The 2013 Open Golf was held in the area and it had a direct economic impact of £13.44 million for East Lothian.⁵² The 2018 Aberdeen Standard Investments Scottish Open and

⁴⁸ Global Trend Solutions (2016) STEAM FINAL TREND REPORT FOR 2009-2016

⁴⁹ http://www.eastlothian.gov.uk/downloads/file/10981/east_lothian_tourism_action_plan_2016-2018

⁵⁰ <http://www.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors/LADatabase>

⁵¹ Global Trend Solutions (2016) STEAM FINAL TREND REPORT FOR 2009-2016

⁵² http://www.eastlothian.gov.uk/downloads/file/10981/east_lothian_tourism_action_plan_2016-2018

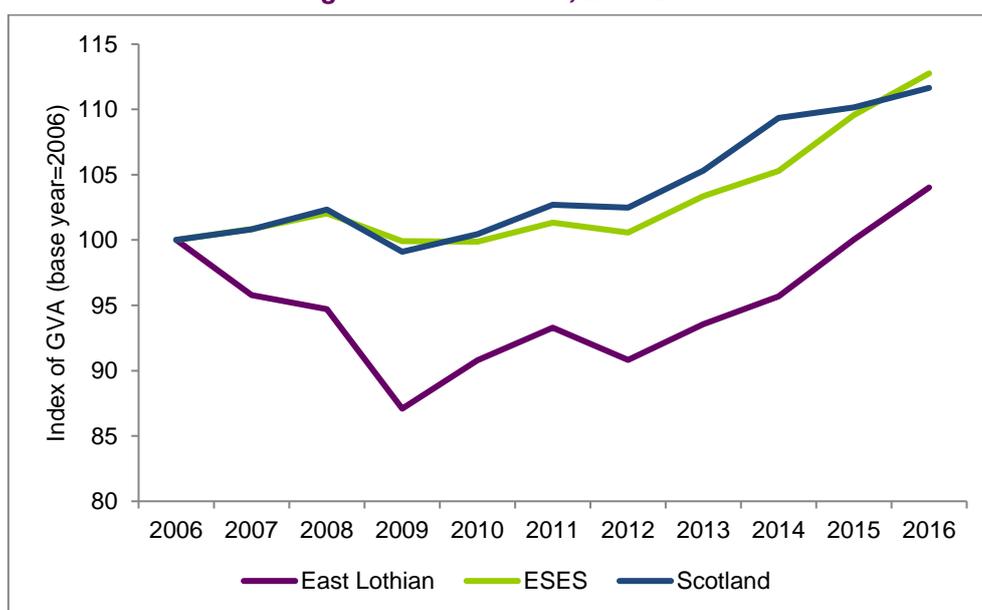
Ladies Scottish Open was also held in East Lothian, delivering a net local economic impact of £5.5 million, helping to sustain 103 tourism jobs.

3.39 The East Lothian Tourism Action Plan outlines East Lothian's key assets as a tourist destination including its golf courses, coastline, countryside, food and drink offer and proximity to Edinburgh⁵³. Building on these assets and the objectives outlined in the Action Plan, consistent marketing and branding of East Lothian's tourism offer as Visit East Lothian: Edinburgh's Coast and Countryside has been developed⁵⁴. East Lothian's Food & Drink offer and marketing has also been developed through the formation of the East Lothian Food and Drink Business Improvement District (BID) in 2016, which has established East Lothian – Scotland's Food and Drink County branding and promotes the 'made by us' products of its members⁵⁵.

Local economic performance

3.40 The East Lothian economy was particularly adversely affected by the global economic downturn and recovery continues to struggle. GVA in East Lothian in 2015 was £1,737 million, representing only a 4% growth since 2006. As shown at Figure 3.6, GVA growth in East Lothian has lagged behind that in the ESES region (13%) and Scotland (12%) over the same period. Whilst over the ten year period there has been a small growth in GVA in East Lothian, this masks a significant decline (13%) from 2006 to 2009. East Lothian has only recently returned to pre-recession levels. Across the ESES region and Scotland there was also a decline in GVA around the period of the recession, from 2008 to 2012, however since 2012 these areas have gone on to experience more significant growth.

Figure 3.6: Total GVA, 2006-2016



Source: Oxford Economics forecast work, for Skills Development Scotland, 2018

3.41 As shown at Figure D.4, East Lothian has seen a 16% growth in productivity from 2006 to 2016. However, as with GVA, growth in productivity has lagged behind that in the ESES region (12%) and Scotland (14%) until recently in 2015 and 2016 when the three converged. This is in part explained by the fact that productivity in East Lothian fell below 2006 levels from 2007 to 2014. At around £50,100

⁵³ Ibid.

⁵⁴ <http://www.visiteastlothian.org/home>

⁵⁵ <https://www.scotlandsfooddrinkcounty.com>; <https://www.bids-scotland.com/news-centre/949-east-lothian-food-and-drink-bid>

per job, productivity in East Lothian remains marginally lower than that across the ESES region (£50,900) but is now above that of Scotland (£47,800).

3.42 Expenditure on R&D and innovative activities by businesses in an economy is important to support technological progress and encourage sustainable long-term productivity growth and competitiveness. In the last two years, East Lothian has seen a strong increase in Business Expenditure on Research and Development (BERD). In 2016, BERD spending in the area was around £3.9m, an increase on 2014 figures which showed spending to be just under £3.1m⁵⁶. Although relatively small expenditure, and the lowest in the region⁵⁷, this is a 27% increase over a period where national BERD increased by 12%.

3.43 Job creation from inward investment is low, but this is likely to be boosted by recent investment in development projects. SLAED Indicators also record the number of planned new jobs and safeguarded jobs from completed inward investment projects. There were 16 new and 16 safeguarded jobs planned in 2015/16, but none recorded in 2016/17 or 2014/15. However, the completion of a number of ESESCRD projects over the coming years, as detailed in Chapter 2, is likely to bring considerably more job opportunities to East Lothian and the wider region, particularly construction jobs.

3.44 East Lothian has a lower town centre vacancy rate than the national average, suggesting that businesses see the attractiveness of setting-up in these towns and that there are fewer business deaths on average when compared to other areas. In 2016/17 town vacancy rates were 7.8% in East Lothian, lower than 10.2% nationally⁵⁸. However, vacancy rates have been on the rise in East Lothian, from 6.4% in 2014/15, while they have remained fairly steady across Scotland. This has been driven by a rise in vacancy rates in Prestonpans, from 12.5% in 2012/13 to 15.8% in 2015/16⁵⁹, well above the vacancy rates for the other towns in East Lothian.

Education

3.45 The working age population of East Lothian is relatively well qualified, as reflected in the occupational profile of the area. In 2017, 46% of the working age population in East Lothian held qualifications at SCQF Level 7 or above. This was above the national level of 44% but below the regional level of 48%.

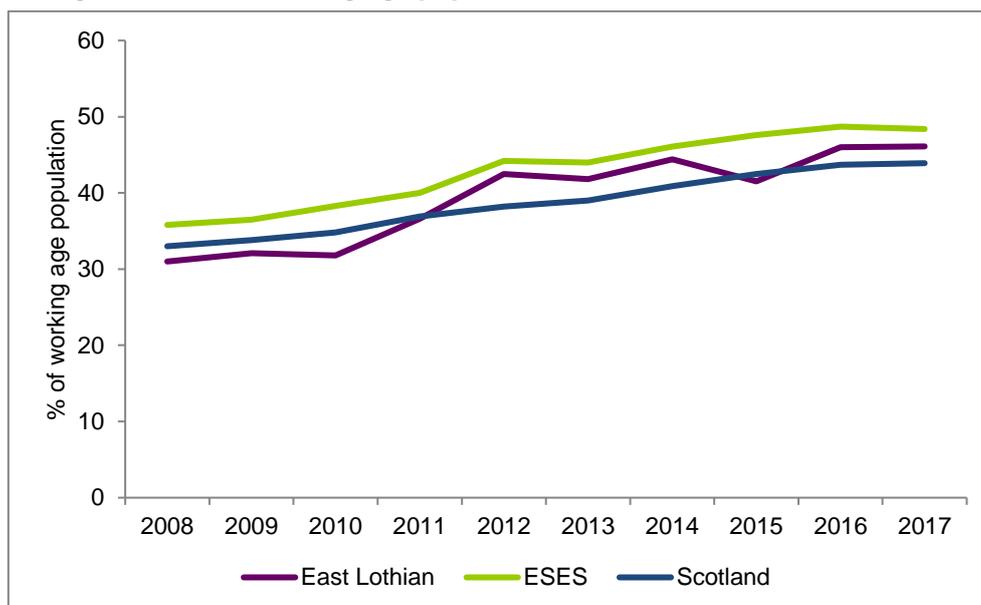
3.46 Figure 3.7 shows that the proportion of the working age population in East Lothian with SCQF Level 7+ has grown relatively strongly over the last decade since 2008, surpassing the national average in 2011. There is also forecast to be significant expansion in the demand for high level skills at SCQF 7+ across East Lothian and the wider Edinburgh and Lothians RSA area, with an expected additional demand of 17,300 people qualified to SCQF 7+ by 2027. This is in addition to a replacement demand of almost 113,000 for those qualified to SCQF 7+.

⁵⁶ <http://www.gov.scot/Topics/Statistics/Browse/Business/RD>

⁵⁷ The City of Edinburgh was £285.4m, West Lothian was £110.5m, Fife was £28.8m, Scottish Borders was £7.3m and Midlothian was £3.2m.

⁵⁸ SLAED Indicators Framework

⁵⁹ http://www.eastlothian.gov.uk/info/200466/growing_our_economy/1599/growing_our_economy/5

Figure 3.7: % of working age population with SCQF Level 7+, 2008-2017

Source: Annual Population Survey, 2018

3.47 In contrast, the proportion of the working age population in East Lothian (6.3%) and the ESES region (5.8%) with no qualifications was well below the national average (8.7%) in 2017. East Lothian has seen a significant drop in this share over the decade from 2008, of 7.3 percentage points, greater than the decline across the region and Scotland.

3.48 As of April 2017, there were six secondary schools and 35 primary schools based in East Lothian. In total there were just over 14,200 school pupils in East Lothian in 2016; split between 8,500 primary school pupils and 5,700 secondary school pupils. As shown at Figure D.5, the number of school pupils in East Lothian grew by just over 700 or 5% from 2001 to 2017. This compares to declines of 2% across the wider ESES region and 8% across Scotland over the same period. High levels of growth in school pupil numbers within East Lothian, against the national and regional trend, are likely to be a reflection of the wider population growth within the East Lothian area, and particularly its attractiveness to young families.

3.49 The strong growth in secondary school pupil numbers is expected to continue, suggesting that families will continue to locate in East Lothian. In the period to 2020 Scottish Government figures project that there will be a 2% decline in the number of primary school pupils in East Lothian accompanied by an 11% increase in secondary school pupils. By comparison the number of primary school pupils across Scotland will stay stable and the ESES region will see 2% growth. For secondary school pupils, the number will stay stable across the ESES region whilst across Scotland there will be a 6% growth.

3.50 The level of attainment of school leavers in East Lothian in 2016/17 was similar to that of school leavers nationally, as shown at Table D.2. East Lothian was very slightly behind in the percentage of school leavers that achieved one or more awards at SCQF Level 5 (National 5 level) or better. However, the shares of school leavers achieving one or more awards at SCQF Level 6 (Higher) and Level 7 (Advanced Higher) were much higher than that across Scotland. East Lothian school attainment also outperforms the region. In comparison with other local authorities in the ESES region, a higher percentage of school leavers had attained awards at every level, although differences tended to be marginal.

3.51 East Lothian school leavers are going into positive destinations, and there is a tendency for moving straight into employment, rather than further study. As shown at Table 3.6, 94% of school

leavers in East Lothian in 2016/17 entered a positive destination⁶⁰, a slightly higher percentage than across the ESES region and Scotland. School leavers in East Lothian are significantly more likely to enter employment – 37% did so in 2016/17 compared with 30% in the region and 28% across Scotland. In contrast, school leavers are much less likely to enter Further Education (FE) – 16% did so in 2016/17 compared with 23% across both the ESES region and Scotland. This is likely due to the lack of FE college provision in East Lothian, or that those not able to progress to Higher Education (HE) opt for employment rather than travelling outwith the area for FE.

Table 3.6: School leaver destinations, 2016/17

Area	Positive Destination	Higher Education	Further Education	Training	Employment
East Lothian	94.2%	36.7%	16.4%	2.0%	37.3%
ESES	92.2%	35.5%	23.3%	1.2%	29.9%
Scotland	92.9%	38.3%	23.0%	1.4%	28.3%

Source: Scottish Government, 2017

3.52 There has been a rise in the number of Modern Apprenticeships (MAs) in East Lothian over the last decade. With the limited FE and HE provision locally, apprenticeships can act as a pathway for school leavers to move into employment in East Lothian. There are now consistently around 500 MA starts per annum, with an achievement rate of around 75-80%. The expansion of apprenticeship starts and frameworks (also including the newer Foundation Apprenticeships and Graduate Level Apprenticeships) is helping to increase the number of young people working in East Lothian, and there is an opportunity for the frameworks to be aligned to skills shortages or key sectors such as Food & Drink and Tourism.

3.53 There are no FE Colleges located in East Lothian. The nearby Edinburgh College, which has three campuses in the City of Edinburgh and one in Midlothian, had over 20,000 students enrolled in 2016/17. In terms of HE, Queen Margaret University has been based in Musselburgh, East Lothian since 2007, and is one of the smaller HE providers in Scotland accounting for over 5,200 students in 2016/17, or 2% of the HE student population in Scotland. Although small, there is a higher tendency for postgraduate study at Queen Margaret University, with around one third (34%) of students being postgraduates in 2016/17, above the Scottish average of 24%. Relocation of QMU from Edinburgh to East Lothian has provided a valuable resource for young people in East Lothian with access to HE and for businesses seeking specialist academic input. There is also a particular focus on subjects allied to medicine, which accounted for over half of enrolments in 2016/17.

3.54 There are also a number of academies run through QMU and Edinburgh College that are available to S5/6 pupils in East Lothian as a subject choice. These include the Technology and Construction Academy, which is based at the Construction & Technology Centre in Musselburgh and run through new partnership between East Lothian Council, Edinburgh College and Morrison Construction. It offers a vocational SCQF Level 4 qualification and aims to offer employability and practical construction skills that can be applied in the workplace. As well as academies, Foundation Apprenticeships are also available through QMU and Edinburgh College and offer high quality work based learning as well as an SCQF Level 6 training. A Civil Engineering Foundation Apprenticeship is based at the Construction & Technology Centre in Musselburgh.

⁶⁰ Positive destinations are: Higher Education, Further Education, training, employment, voluntary work and activity agreement.

4 Key Issues for East Lothian

Headline messages

- East Lothian's strengths are in its diverse business base with sectoral strengths in food and drink, tourism and Higher Education, entrepreneurial culture, skilled workforce, proximity to Edinburgh and its quality of life.
- Weaknesses are its lack of large employers, the rate of out-commuting for employment, pockets of deprivation in Musselburgh, Wallyford and Prestonpans, limited land availability for economic use in areas of high demand, and poor transport connectivity.
- Inclusion in the Edinburgh South East Scotland City Region Deal is a key opportunity for East Lothian, and it will be important to ensure East Lothian optimises potential economic and social benefits through close partnership working including the opportunity to develop aligned initiatives and funding mechanisms available through the City Deal.
- The Cockenzie site is now in council ownership and control, and unlocking the site and adjacent assets is a key development opportunity for East Lothian
- There are other opportunities around tourism, food and drink and new sectors.
- An important opportunity going forward is to promote East Lothian through the development of an overarching set of propositions for economic development.
- There are challenges around:
 - Developing and preparing to deliver the range of major infrastructure projects and employment sites;
 - Bringing land zoned for economic use in the LDP to market;
 - Addressing issues in East Lothian's physical and digital infrastructure;
 - Responding to projected population growth and East Lothian's ageing population;
 - Balancing East Lothian's environment and quality of life with economic development;
 - Town centre regeneration;
 - Rural economic issues
 - Increasing the proportion both living and working in East Lothian; and
 - Addressing gaps in the tourism offer.
- Brexit presents a range of labour market and trade implications, and likely loss of European funding.
- The refreshed strategy should enable East Lothian to proactively respond to a rapidly changing policy context.

Introduction

4.1 This chapter summarises the key issues for the East Lothian economy going forward. It provides an update on the strengths, weaknesses, opportunities and challenges facing East Lothian as set out in the previous EDS document. It draws on the issues identified through the workshop series held with key stakeholders during February and March 2018.

Strengths of the East Lothian economy

4.2 There are a number of strengths in the East Lothian economy that it is able to capitalise upon. These are set out in the table below.

Component	Summary
Business base	<p>East Lothian's diverse business base is dominated by SMEs, which has helped to foster a more entrepreneurial culture in the area. This arguably makes it more resilient to economic shocks, as it is not dependent on a specific employer, or dominated by one sector. A key element of this is perceived to be agricultural businesses that are strongly committed to the local area and its continuing prosperity.</p> <p>East Lothian has recognised sectoral strengths, most notably food and drink and tourism, but also arts, entertainment and recreation, energy, life sciences and education.</p>
Labour market	<p>Growth in employment is strong. Employment in East Lothian has grown faster than nationally since 2010. Those living in East Lothian earn more than the national average, though this is influenced by workers who commute into Edinburgh for employment.</p> <p>East Lothian has a skilled workforce, and employers generally experience few difficulties recruiting good quality staff (though evidence suggests that this is increasingly not the case). This can be considered a consequence of East Lothian's good quality schools and high levels of attainment; there is also a perception that East Lothian attracts and retains skilled individuals to live in the area.</p>
Location	<p>Proximity to Edinburgh is a major asset. Edinburgh is a globally recognised city providing jobs (often high value) for East Lothian residents and a substantial market for East Lothian's businesses, for example it provides a market for the area's tourism and food and drink offer. Regional investment through the ESESCRD, particularly significant investments in Edinburgh, will have spillover benefits for the East Lothian economy.</p> <p>Additionally, although its offering is different, East Lothian can compete with the city for inward investment and has to set out its case proactively in regional fora.</p>
Infrastructure and key assets	<p>Queen Margaret University, whose main campus opened in East Lothian in 2007, is an important asset for East Lothian. It helps to attract new businesses and skilled individuals as well as providing local HE access. Edinburgh Innovation Park, currently under development on the QMU campus and supported by ESESCRD, is a nationally important site for the development of an innovation cluster for Food & Drink and Biotechnology.</p> <p>The Cockenzie site, which is now in Council ownership, is a key development asset for local communities and the wider East Lothian economy. Its adjacency to Blindwells will aid wider economic development.</p> <p>East Lothian has high quality tourist attractions, including the Scottish Seabird Centre, National Museum of Flight and East Lothian's golf courses.</p>
Geography and place	<p>East Lothian is considered to have an excellent quality of life. This is a result of the area's high quality coast and countryside, good quality, affordable housing stock, and historic town centres, each with their own identities. Its proximity to Edinburgh adds to its attractiveness as a place in which to live.</p>
Economic development activity	<p>As part of the ESESCRD, East Lothian stands to benefit from significant investment over the next 20 years.</p> <p>There is a very clear articulation of priority sectors by the Council and strategic partners through The East Lothian Partnership and its Connected Economy Group.</p> <p>The Council's business support activity is valued, and its economic leadership on key sectors, including Food & Drink and Tourism, is developing strong brands. The</p>

Component	Summary
	<p>East Lothian Golf Tourism Alliance (Scotland's Golf Coast for marketing purposes) is also viewed as a partnership of best practice.</p> <p>East Lothian Council's commitment to using Community Benefit approaches to secure local benefits through procurement, and support partners to adopt this approach, can positively impact on spend in the local economy, and help to support businesses and employment in the local area.</p>

Weaknesses in the East Lothian economy

4.3 Despite East Lothian's economic strengths, there remain a number of weaknesses that act as barriers to growth. These are summarised below.

Component	Summary
Business base	<p>With a high proportion of SMEs, East Lothian has very few large employers outside of the public sector.</p> <p>East Lothian has a high proportion of lifestyle businesses. These businesses tend to have low growth potential, and little investment in R&D and innovation.</p>
Labour market	<p>As there is a tendency for out-commuting to higher value jobs, e.g. in Edinburgh, East Lothian's workplace earnings are below the national average.</p> <p>Growth in employment is forecast to lag behind national and regional rates.</p> <p>With regard to unemployment, as well as other factors of deprivation, there are inequalities between the west of East Lothian (e.g. Musselburgh, Tranent and Prestonpans) and the rest of East Lothian.</p> <p>Employment and training opportunities in smaller, more rural communities in the area are limited and it can be difficult to access the opportunities that are available elsewhere.</p>
Location	<p>As well as a strength, proximity to Edinburgh can also be a weakness for East Lothian.</p>
Infrastructure and key assets	<p>Transport connectivity is an issue in East Lothian. Major road and rail transport infrastructure typically runs East-West across the local authority area, acting as a constraint to North-South travel. In addition, there are also relatively poor albeit improving public transport connections. This limits the degree to which unemployed people, disabled people and people in low-paid jobs are able to access employment and training opportunities and is in turn a challenge for businesses in rural locations and hospitality businesses.</p> <p>East Lothian's tourism infrastructure is limited. Most notably, there are no resort hotels within the area, and only one hotel capable of accommodating larger coach parties. Limited tourism and activities within shoulder months outside of the summer peak is also a challenge.</p> <p>There is a mismatch in available business premises, with limited supply where demand appears highest but good availability in locations with more limited demand – e.g. Tranent and Macmerry. The Council continues to monitor supply and demand and the approved East Lothian LDP allocates sufficient additional economic land to supplement the Council's acquisition of large-scale sites at Cockenzie and QMU and other emerging opportunities.</p> <p>There is a perception that broadband connections in East Lothian are still poor relative to other areas of Scotland. As a result, there remain concerns about the impact this has on the ability to do business, and the ability for East Lothian to adopt and roll out future service and technology developments, such as tele-health. The Scottish Government's R100 ambition should help address this and the Council on</p>

Component	Summary
Geography and place	<p>behalf of communities and businesses will continue to lobby and hold Government, agencies and providers to account.</p> <p>Given the attractiveness of East Lothian as a place to live, it can be difficult for those on lower incomes to access private sector housing. There is therefore a need for more affordable and social housing.</p> <p>There is limited car parking in town centres across the local authority area, particularly in North Berwick. This impacts on the length of time residents and visitors come and spend money in East Lothian's towns.</p> <p>The vacancy rate of commercial premises in East Lothian's town centres is increasing. This is impacting on the vibrancy and attractiveness of towns as places to do business.</p> <p>The approved East Lothian LDP details a number of strategic employment sites and the Council will be working with developers to ensure these are developed and marketed – as there has historically been a lack of land available for economic purposes. This should help to attract new jobs. The Cockenzie site and the QMU proposal are other opportunities and the Council and public sector partners monitor their assets and how these can be used most effectively</p>
Economic development activity	<p>The Economic Development Strategy 2012-22 has provided the impetus for council and partners to develop appropriate economic development interventions and address market failures. The challenge remains to marry large-scale employment opportunities with any potential impact on quality of life and environment. In the past there has been limited joint working between East Lothian and neighbouring local authorities, and this has changed in recent years with the Council exploring shared service opportunities with neighbouring authorities. There is also increased and significant collaborative working at a regional level through the ESESCRD.</p>

Opportunities for East Lothian

Edinburgh and South East Scotland City Region Deal

4.4 Inclusion in the ESESCRD is an opportunity for East Lothian. The Deal will deliver £1.3 billion investment in the region on infrastructure, employment and skills and so lead to significant economic and social benefits regionally as well as at local level. The key will be for East Lothian to make sure that it optimises the potential benefits for the area by working closely with the City Region Deal partners and ensuring that the particular circumstances and needs of East Lothian are accounted for in decision making, prioritisation and project development.

Cockenzie

4.5 The Cockenzie site is a major development opportunity for East Lothian. East Lothian Council concluded its purchase of the site in March 2018 and informed by the site Masterplan, the Council intends to develop 90,000m² of employment space and 3,500 new jobs through a mixed use development site, generating around £66 million for the East Lothian economy. This will also generate a range of construction and supply chain jobs during its development.

4.6 As a strategic and regionally important development site, East Lothian Council will be working with all partners to ensure the full potential of Cockenzie is realised, and also that of Blindwells, a new town adjacent to the Cockenzie site.

Optimising proximity to Edinburgh

4.7 East Lothian's proximity to Edinburgh presents some challenges but overall, it is undoubtedly an asset and an opportunity. It provides opportunities in terms of high value jobs for East Lothian residents and as a substantial market for East Lothian's businesses. There is an opportunity to work more closely with Edinburgh and further exploit the fact that East Lothian shares a border with Edinburgh. Propositions include a joint tourism marketing initiatives and of course collaboration across a number of areas is being progressed through ESESCRD.

Developing East Lothian's tourism offer

4.8 Wildlife and nature-based tourism is seen as a major opportunity that East Lothian can continue to build on. This is particularly the case with Visit Scotland's Coast and Waters themed year planned for 2020. The John Muir Way, Bass Rock and the wider coast and countryside are very valuable assets, for example. It is important that these are better integrated into an East Lothian wildlife tourism package and other opportunities are explored – e.g. to host a major wildlife conference or attract wildlife TV programmes to film in East Lothian.

4.9 There is also opportunity to continue to strengthen links between two of East Lothian's priority sectors, Food and Drink and Tourism. Through East Lothian's Tourism Action Plan, this has been identified as a key action as part of wider efforts to join up tourism offers, and this should continue.

Developing key and emerging sectors

4.10 There is broad consensus that East Lothian Council and its strategic partners should continue to support Tourism and Food and Drink as important sectors for the area. There is also appetite to develop new and emerging sectors that offer valuable opportunities for East Lothian. It is important that this is done in line with existing or emerging capabilities that can be capitalised on to most effectively realise new opportunities.

4.11 In some cases, key sectoral businesses can be supported or attracted through East Lothian Council, QMU, Scottish Enterprise and other partners' resources. In other cases, the opportunities may be best derived by working at the City Region level or in collaboration with neighbouring local authorities and other stakeholders and partners. Social enterprises and local community based initiatives also have a role to play but will often require sector-specific support, for example through the Scotland-wide Just Enterprise programme or bespoke support through Business Gateway business adviser and local networks.

4.12 Substantial job creation is forecast for Scotland in Professional, Scientific and Technical employment, so East Lothian needs to position itself to best realise these opportunities.

4.13 The sectors identified are:

- **Renewable energy:** This could be achieved through developing links with the marine renewables sectors in Fife and Leith to service machinery in East Lothian's harbours, and help to take advantage of operation and maintenance supply chain opportunities in the longer term. There is also potential to develop (small scale) wind farms in East Lothian, in a similar fashion to those in the Scottish Borders, e.g. the Hoprigshiels Wind Farm operated by Berwickshire Community Renewables.
- **Construction:** There are opportunities in expected major developments in the local authority area in the short and longer term. There are also opportunities in more low carbon and environmentally sensitive construction. With a growing housing construction market and the potential of greater Blindwells, there is also the possibility for innovative construction interventions to be located in East Lothian focussing on the potential of more efficient off-site construction.

- **Life sciences:** There is scope to build on East Lothian's existing assets (e.g. QMU and the new Edinburgh Innovation Park, Elvingston Science Centre and Charles River Laboratories), as well as Edinburgh's BioQuarter, Royal Infirmary and University of Edinburgh.
- **Creative industries:** Building on East Lothian's lifestyle businesses to develop this sector.
- **Food and drink industries:** This could be further developed by building on East Lothian's strong agricultural sector to maximise opportunities for East Lothian's already strong food and drink brand. There are opportunities to develop up-stream activities, e.g. food processing and sales in East Lothian, and to support diversification. There are also links with Life Science opportunities to tap into areas such as product and packaging development through Industrial Biotechnology capabilities at QMU and the Edinburgh BioQuarter.
- **Professional services:** Re-locations of professional services from Edinburgh to East Lothian, due to lower costs, and proximity to Edinburgh.

Defining East Lothian's proposition

4.14 East Lothian is widely recognised by its residents and businesses as having an excellent quality of life and work-life balance. However, East Lothian and what it has to offer to potential inward investors, businesses, residents and students does not have a high profile. Greater efforts are therefore needed to promote and market East Lothian's existing assets and its potential to target markets such as China.

4.15 While previous work has been aimed at making best use of the area's assets to boost economic activity, there remains a lack of a coherent 'brand'. There is therefore a need to develop an overarching proposition or set of propositions for economic development in East Lothian. This should not simply be a tourism proposition, but a means to market the area across all facets of the economy, and respond proactively and effectively to economic development opportunities. This will cover the benefits of East Lothian, the opportunities that exist and the eco-system that is in place to encourage and enable new investment.

Town centres and rural economy

4.16 Distinctiveness of East Lothian's towns, with each town centre having its own identity, is a key asset. This is an attractor for residents, visitors and businesses alike, contributing to East Lothian's excellent quality of life offering. Retail trends are shifting, and there are new opportunities around more social and cultural functions in town centres that can be explored. This will contribute to the sense of place in each of East Lothian's towns, and also contribute to economic resilience. Part of this will be understanding the role and function of each town, what the baseline is for a sustainable town centre and how the town centres, combined, contribute to the health and aspirations of East Lothian. East Lothian's towns are often service centres for the local rural economy and their role in this should not be overlooked. In addition, the rural economy can require specific support and challenges *inter alia* include transport availability for businesses and their staff, digital connectivity, implications of BREXIT for farm businesses. East Lothian Council will be developing town centre strategies for each of its towns and the Town Centre First principle continues to operate.

Infrastructure development

4.17 There are key strategic infrastructure works planned through the ESESCRD, including improvements to the A720 City Bypass. Aligning wider transport improvements to these strategic regional projects will help improve transport links across East Lothian. There may also be opportunities to improve wider public transport links on the back of this, and to maximise the utilisation of existing infrastructure.

Other opportunities for consideration

4.18 There are a number of other opportunities that need to be considered, as follows:

- **Role of high-volume employment sectors:** Whilst these are not high-value sectors generating significant GVA per employment, they are nevertheless increasingly important for the economy in East Lothian and across Scotland. Some, such as Health and Social Care, make significant contributions to the economy, and will continue to grow with the increasing care needs of an ageing population. There is an opportunity to develop new models for delivering health and social care, which can be particularly complex in more rural areas.
- **Building entrepreneurial skills:** There is an identified need to build entrepreneurial skills in East Lothian. This can help to ensure that lifestyle businesses have the appetite and ability to grow. Additionally, building entrepreneurial skills in young people can help to foster new business growth in key sectors, and contribute to the retention of jobs and businesses in East Lothian.
- **Enhancing volunteering:** East Lothian is characterised by high levels of volunteering but there is scope to further increase volunteering levels and also direct volunteering activities to where it can add most value. For example, East Lothian has many highly skilled and experienced residents who could contribute to business mentoring schemes, youth mentoring schemes or school activities additional to the curriculum (e.g. money management, enterprise and entrepreneurialism).
- **Optimising strategic partnerships:** Particularly in light of the ESESCRD, East Lothian Council and its partners on the Connected Economy Group should work collaboratively to realise the potential of the East Lothian EDS.
- **Enhancing digital infrastructure:** East Lothian's superfast broadband coverage is below the Scottish average. However, as at October 2018, 92% of premises have access.⁶¹ It is important that this is built upon and that perceptions of East Lothian's connectivity are improved. As part of this there is a need for a change in the culture of businesses and workplaces so that digital opportunities, such as remote and flexible working are utilised more widely. This is particularly the case for rural and more remote areas: this could mean people working from home, or from 'hot-desking' facilities, which can support local business hubs.

Challenges for East Lothian

Edinburgh and South East Scotland City Region Deal

4.19 A key challenge for the Council will be developing and delivering the key strategic sites for employment – Cockenzie, Blindwells, QMU. This will require significant resource to develop and progress business cases, prepare the supporting infrastructure and undertake necessary work to ensure sites are 'shovel-ready', and deliver projects to the anticipated programme timescales. In addition to this, there will be a requirement to sufficiently market the development opportunities, as well as undertaking lobbying and influencing activities to shape regional and national planning, economic development and other policy.

Physical and digital infrastructure

4.20 The transport infrastructure in East Lothian presents some connectivity challenges. The quality and availability of north-south links, and parts of the strategic road and rail network leads to real and perceived barriers for businesses, in terms of travel time and distance to markets including Edinburgh, the Central Belt and other parts of Scotland, and indeed the UK.

4.21 Though superfast broadband coverage in East Lothian is below the Scotland average, almost 90% of premises in the area are covered.⁶² Nevertheless, access to superfast broadband impacts on

⁶¹ <https://labs.thinkbroadband.com/local/east-lothian,S12000010>

⁶² <https://labs.thinkbroadband.com/local/east-lothian,S12000010>

businesses' ability to engage with e-commerce, as well as on business processes dependent on internet services, e.g. cloud computing. It may also affect a business's ability to export, with many businesses making their first move into exporting by selling online. Access to superfast broadband is also important for residents and young people as it can support learning and working from home.

4.22 Though these issues may be a matter of perception, they nevertheless affect East Lothian's attractiveness as a place to do business, and as a place to start or grow a business.

Lack of availability of employment land

4.23 As highlighted, the historic lack of viable employment land (i.e. land that is both zoned for economic use in the LDP, and with real development prospects) is a significant constraint to attracting businesses of scale to East Lothian. This places a premium on land in key sites in areas where there is high demand, e.g. around QMU's campus. Yet the approved East Lothian LDP 2018 provides for 63 Ha of new allocated employment land, including 25 Ha at QMU.

Labour market and demographic challenges

4.24 The projected increase in East Lothian's population means commuting levels will inevitably increase unless more jobs can be created in East Lothian. As a result, new housing developments (such as at Blindwells) must ensure that the employment and service needs of an increasing population are also met.

4.25 The large proportion of residents who commute out of East Lothian to work means valuable skills and spend are exported from East Lothian on a daily basis. Because of East Lothian's proximity to Edinburgh, out-commuting is and will likely continue to be a feature and of course it adds to its attractiveness and the spending power of residents. There is a challenge in attracting and retaining people to work in East Lothian through creating high-value jobs, as well as businesses that will employ people in the area. Increasing the number of East Lothian residents in East Lothian jobs will benefit the economy both directly and indirectly.

4.26 East Lothian's ageing population presents longer-term challenges. Though the area's population is growing, an ageing population necessarily means a smaller proportion of the population at working age, and therefore a greater dependency ratio in years to come. An older population also necessarily demands a different range of services, from businesses but also from the Council and public sector organisations.

Business base

4.27 Balancing current and future growth aspirations with the need to preserve East Lothian's coast and countryside, an important asset for the area, allied to East Lothian's historical conservatism towards large-scale economic development, is key to realising sustainable economic development.

4.28 As noted previously, there is a high proportion of lifestyle businesses in East Lothian, some of which were established to provide services needed by the area's growing population. The key challenge is to engage these businesses with business support offers, in order to convert them to growth and potential high-growth businesses, where this is appropriate. This will help to contribute to job creation, productivity and generating higher levels of GVA for the East Lothian and Scottish economy.

Town centres

4.29 Linked to the wider issue of town centre regeneration, there is the ongoing challenge of attracting and sustaining businesses in town centre locations given the competition of out-of-town/edge-of-town developments. The increasing number of vacant premises in some East Lothian town centres reflects the difficulties faced.

4.30 The existing offer can provide a relatively poor retail experience for residents and visitors, and other destinations can be more attractive as a result. East Lothian's towns cannot compete with larger urban areas, e.g. Edinburgh, or retail parks such as Fort Kinnaird. Trying to attract high-profile or large high-street brands may undermine the strengths of the area's towns, and displace existing local businesses, impacting on both attractiveness and resilience. The challenge is therefore to create distinct town centre offers that build on existing strengths.

Tourism

4.31 East Lothian's limited tourism offer during the evenings and on Sundays means it is not maximising its value. Developing this – e.g. by broadening its culture and leisure offer, and developing the evening/night-time economy in its town centres – could improve East Lothian's attractiveness as a multi-day destination, therefore increasing tourism spend. It could also help to offset issues around the seasonality of tourism and may extend the shoulder periods.

4.32 The lack of hotels, particularly larger ones means that it is not a destination for volume or business tourism, e.g. for conferences. These are key market opportunities that are actively being targeted by other areas of Scotland. Addressing this may help to take advantage of any spill-over benefits from Edinburgh which is a major global leisure and business tourism destination.

Brexit and a changing policy context

4.33 There continues to be a rapidly changing policy context, and there is little clarity on the outcomes and implications of negotiations over the UK's withdrawal from the EU. The impact of Brexit is already being felt with employers in some sectors reporting increasing difficulty in recruiting and retaining staff from the EU. There are also potential impacts regarding businesses exporting to and sourcing products and materials from the EU, and elsewhere in the world, dependent on the outcome of Brexit negotiations and subsequent trade agreements.

4.34 Further, there will likely be a loss of EU funds as a result of Brexit. Though a change of UK funding regimes, e.g. with the establishment of UK Research and Innovation, has opened up new opportunities, there is a need for additional effort to learn and navigate a new funding arrangements.

4.35 The challenge will be to ensure that through the refreshed strategy, East Lothian Council is able to proactively respond to future opportunities, as well as recognise opportunities in change.

5 The Refreshed Economic Development Strategy

Headline messages

- The Strategy contributes directly to economic development objectives set out in The East Lothian Plan and Local Outcomes Improvement Plan, and also the recently adopted Local Development Plan.
- The overall Strategy is set within a strategic framework for delivery.
- There are two strategic goals around businesses and jobs:
 - To increase the number of businesses in East Lothian with growth potential (BUSINESSES); and
 - To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy (JOBS)
- The strategic goals are supported by five strategic objectives:
 - To be the best connected place in Scotland to set up and grow an innovative business
 - To be Scotland's leading coastal, leisure and food & drink destination
 - To explore and develop regional opportunities to support economic development and to encourage study, work, investment and spend in East Lothian
 - To provide high quality employment pathways for East Lothian's workforce
 - To become Scotland's most sustainable and digitally-connected local economy
- To help deliver the Strategy, seven strategic workstreams have been identified:
 - Develop a set of propositions for East Lothian to attract investment
 - Prepare strategic sites for development and marketing – including Cockenzie, Blindwells, QMU (EESCRD) and other public sector assets
 - Improve the economic performance of East Lothian's key sectors
 - Improve East Lothian's connectivity
 - Enhance East Lothian's business support infrastructure and make the most of our assets
 - Energise East Lothian's town centres and rural economy
 - Develop more sustainable employment and training pathways for all in East Lothian
- Overarching the strategic workstreams is the Edinburgh and South East Scotland City Region Deal and the activities that will impact East Lothian. Each project must take cognisance of the Deal and capture benefits that can be delivered through it.

Introduction

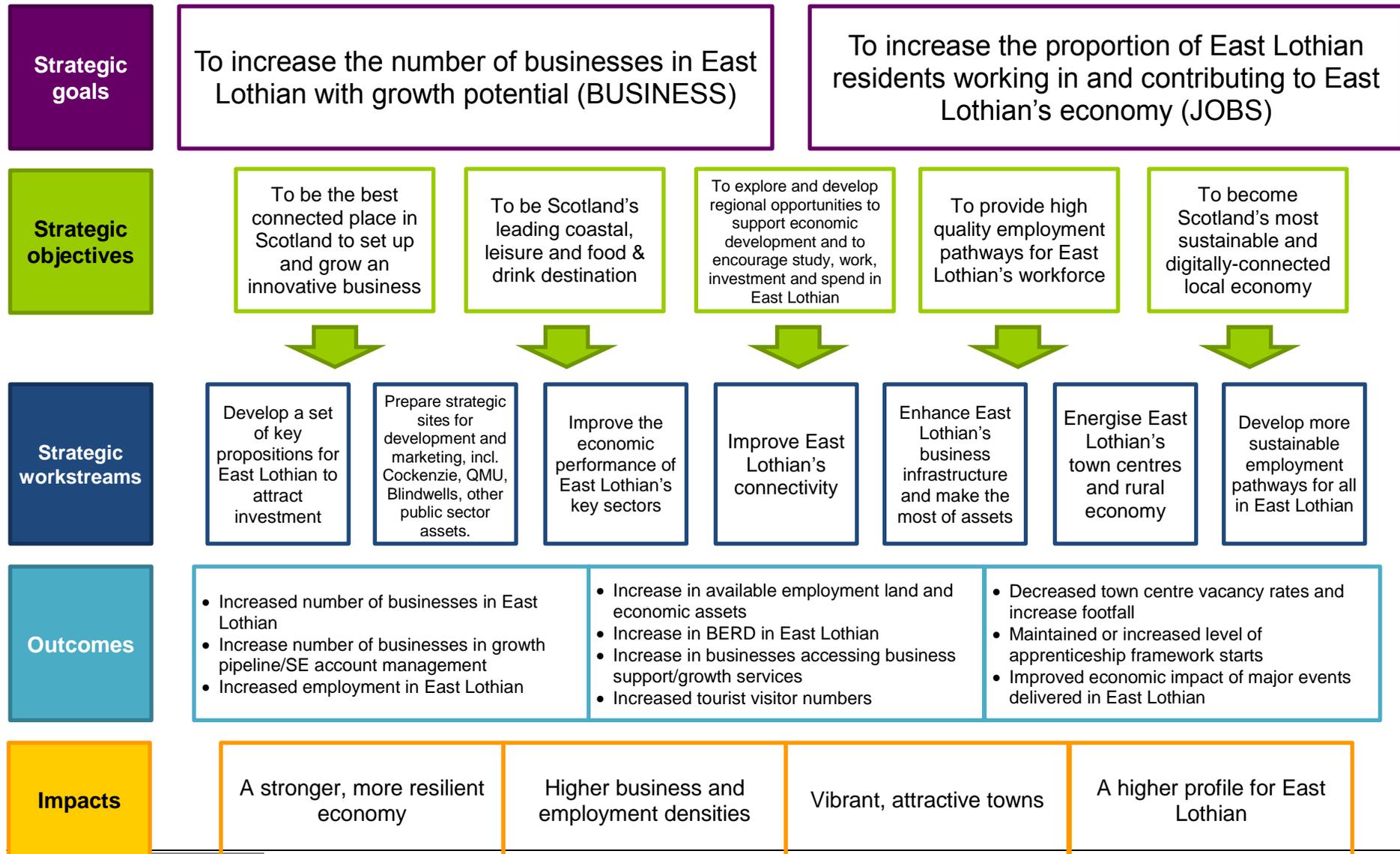
5.1 This chapter builds upon evidence set out in the preceding chapters to set out the refreshed East Lothian EDS. The strategic framework set out in this chapter outlines a strategic vision, goals, objectives and a number of strategic workstreams. In doing so, it has responded to national, regional and local opportunities and challenges that have arisen since the adoption of the original strategy in 2012.

5.2 The Strategy should therefore continue to evolve and respond to changing economic and policy circumstances to best meet the development needs of East Lothian.

Strategic framework

5.3 The vision and goals provide a framework for East Lothian Council and its partners. This helps to drive decisions about what to deliver. The strategic objectives will help drive action on a more immediate basis, outlining improvements needed in key areas of service delivery. The strategic workstreams provide the detailed actions under these objectives through which the Strategy will be delivered. These projects will often span two or more strategic objectives; some may be considered cross-cutting. The overall structure of the strategic vision, goals and objectives is shown in Figure 5.1.

Figure 5.1: The strategic framework for East Lothian's refreshed Economic Development Strategy



Strategic vision

5.4 The Strategy aims to make a significant contribution to achieving the vision already set for East Lothian. The vision set out the Council Plan 2017-2022 is:

An even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy, that enables our people and communities to flourish.

5.5 Specifically, the Strategy aims to contribute to the *Prosperous* theme of the East Lothian Plan, and the objective of increasing sustainable and inclusive economic growth as the basis for a more prosperous East Lothian.

Strategic goals

5.6 In refreshing the Strategy, stakeholders agreed that the two major strategic goals for East Lothian around businesses and jobs remain valid. These are:

- **BUSINESSES:** To increase the number of businesses in East Lothian with growth potential.
- **JOBES:** To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy.

Strategic objectives

5.7 In order to deliver the two strategic goals, **five** strategic objectives have been set. These are outlined below with a summary of the key issues that they address and the opportunities they build on.

Strategic objective	Key issues addressed
SO1: to be the best connected place in Scotland to set up and grow an innovative business	<p>There are not enough businesses in East Lothian, and large businesses in particular. A consequence of this is East Lothian's low jobs base, the high rate of out-commuting, and the mismatch between workplace and residence based earnings. Increasing the number of businesses and jobs in the area must be a priority for East Lothian.</p> <p>East Lothian has a relatively low profile which limits opportunities to attract businesses to the area. Increasing awareness of East Lothian is a priority and its proximity and connections to Edinburgh, its workforce, its quality of life, its work-life balance and good quality business support services are key elements of East Lothian's propositions that can be promoted.</p> <p>As a major development opportunity, the potential of the Cockenzie site must be maximised. Elsewhere in the area, East Lothian has limited availability of land and premises for business use, where it is in demand. Therefore it is critical that a pro-business planning approach is taken to maximise the benefits of land zoned for economic use in the LDP.</p> <p>Being the 'best connected place in Scotland to set up and grow an innovative business' will reflect: high self-employment, business start-up and survival rates; a pipeline of growth and potential high-growth businesses; supportive business infrastructure from public sector partners; choice in business premises; access to a skilled workforce; and vibrant business networks.</p>
SO2: To be Scotland's leading coastal, leisure and food & drink destination	<p>Tourism is an important sector for East Lothian with the potential to attract more visitors to stay longer and spend more.</p> <p>East Lothian has many good quality tourist attractions but wider awareness of East Lothian as a place to visit is limited. There is considerable potential to better join up the different tourism offers.</p>

Strategic objective	Key issues addressed
SO3: to explore and develop regional opportunities to support economic development and to encourage study, work, investment and spend in East Lothian	<p>It is important that linkages are made between Visit East Lothian, Scotland's Golf Coast, Scotland's Food & Drink County and other marketing/branding used to enhance East Lothian's profile. This forms an integral part of East Lothian's overarching proposition(s).</p> <p>There are real opportunities to develop cross-marketing regional activities with Edinburgh, as part of exploiting East Lothian's proximity to Scotland's capital.</p> <p>There continues to be untapped opportunities around wildlife, coast, cycling and walking tourism – which resonates with East Lothian's sustainability aims.</p> <p>East Lothian's proximity and connections to Edinburgh and QMU are amongst its main assets, yet these opportunities are not currently being fully maximised – shown by deprivation levels being highest in Musselburgh, Prestonpans and Tranent.</p> <p>There are joint opportunities in economic development, tourism, etc. and these should be fully exploited to derive economic benefit for East Lothian. This is particularly the case for opportunities through the ESESCRD but other regional opportunities should not be ignored.</p> <p>There is scope to attract businesses and jobs to the areas of East Lothian that border Edinburgh based on connections to Edinburgh, lower costs and skilled workforce. All land zoned for economic use in the LDP close to Edinburgh should therefore be retained to support future developments.</p> <p>There is also scope to benefit more from East Lothian's residents, students and visitors by encouraging them to spend locally. This will require investing in local town centres to make them more attractive and accessible locations to visit.</p>
SO4: To provide high quality employment pathways for East Lothian's workforce	<p>Labour market statistics show increasing employment overall, but youth unemployment remains relatively high. There is also a forecast growth in Professional, Scientific and Technical employment.</p> <p>East Lothian will also see an ageing of its population, which will likely place further demand on local services, but may also require employment opportunities for those seeking a late career change to suit lifestyle or stage of life.</p> <p>These changes indicate that efforts should be made to maximise the economic benefit of all groupings – young people; adult unemployed; disabled; lone parents; and older people who wish to remain economically active. For each group, supports and opportunities should be in place so that they can be economically active and progress into good quality employment, training, self-employment or volunteering.</p>
SO5: to become Scotland's most sustainable and digitally-connected local economy	<p>East Lothian has many features that can support it becoming Scotland's most sustainable local economy – it has distinctive, well-used town centres; its current business sectoral profile aligns with more sustainable sectors (e.g. food and drink, construction); and an excellent environment and work-life balance.</p> <p>However, it struggles with its transport infrastructure, transport connectivity and public transport offering; the lack of local jobs (encouraging commuting to Edinburgh); and has an increasing number of vacant premises in town centres.</p> <p>By striving to become Scotland's most sustainable local economy, East Lothian can raise its profile and be widely recognised as an area that has embraced sustainability through its support for local businesses, social enterprises and community based initiatives.</p> <p>Digital connectivity remains a challenge too for growing and expanding the business base and for supporting employability. In articulating this ambition, East Lothian partners are highlighting that national interventions can help deliver on this strategy.</p> <p>It also provides a framework for:</p>

Strategic objective	Key issues addressed
	<ul style="list-style-type: none"> • Developing new, more sustainable low carbon sectors that can counter recent employment losses (e.g. from Cockenzie) and expected future losses (e.g. planned decommissioning of Torness power station); • Encouraging and enabling innovation amongst East Lothian’s businesses; • Improving public transport connectivity, and encouraging more sustainable modes of transport; • Supporting town centres and local businesses – thereby sustaining and potentially creating local jobs, and meeting the leisure, cultural and wider needs of residents; and • Balancing East Lothian’s growth aspirations with its outstanding natural environment and quality of life. • Ensuring maximum coverage of superfast broadband across East Lothian

Strategic workstreams

5.8 Driving the delivery of the refreshed Strategy requires a defined number of tangible actions through which to implement economic development interventions. This requires the identification and prioritisation of a number of strategic workstreams, which are:

- Substantial and with the capacity to make a significant impact on East Lothian; and
- Targeted precisely at strategic opportunities, weaknesses or in response to challenges within the local economy.

5.9 **Seven** strategic workstreams have been identified and are summarised below. Further detail on each strategic workstream is provided the Strategy’s accompanying Action Plan, which includes details on key partners, timescales and priority attached to each. Overarching the seven strategic workstreams is the ESESCRD and the activities and projects that will flow from it and impact on East Lothian. Each of the Strategy’s strategic workstreams must take cognisance of the City Region Deal, identify and capture the benefits that can be delivered through it and where appropriate, add value to local projects through the ESESCRD.

Strategic Workstream	Key actions
<p>Strategic Workstream 1: Develop a set of key propositions for East Lothian to attract investment</p> <p><i>Contributes to SO1, SO2, SO3</i></p>	<ul style="list-style-type: none"> • Develop an over-arching proposition and set of accompanying propositions for East Lothian to cover all aspects of socio-economic development in the area. This will be developed as a prospectus for East Lothian and should do the following: <ul style="list-style-type: none"> ○ Detail a proposition to encourage businesses and people to invest, live, work and learn in East Lothian. ○ Sets out the values as well as the objectives for the development of the local authority area (such as inequalities, employability, inclusive growth). ○ Identifies key assets for the area, e.g. business, Higher Education and R&D, tourism, town centres, location, accessibility, environment, etc., and present them as a ‘portfolio’, clearly articulating how these combine to form East Lothian’s USP. ○ Establishes the ‘offer’ and ‘ask’ for current and prospective businesses, stakeholders and partners, residents, developers and visitors.

Strategic Workstream	Key actions
Strategic Workstream 2: Prepare strategic sites for development and marketing	<ul style="list-style-type: none"> ○ Sets out an inward investment proposition, recognising the ‘Team Scotland’ approach adopted by Scottish Development International, and identifying what networks can be exploited to maximise its potential. ○ As part of the proposition, partners should develop an individual prospectus for each of East Lothian’s towns outlining their economic development/investment/tourism offer ● Join up existing East Lothian brands where feasible and promote the East Lothian brand to current and potential businesses, residents and visitors – working closely with Scottish Enterprise, Scottish Development International and Visit Scotland. ● Encourage wider engagement with East Lothian partners, key business influencers and residents as ambassadors and champions, to ‘sell’ what East Lothian has to offer to wider audiences. ● Consider how East Lothian Council and its strategic partners can best deploy existing resources to deliver the proposition, improve the area’s offer, and ensure that East Lothian can influence the regional approach emerging through the ESESCRD. ● Take a collaborative approach and work with strategic partners, developers, Further and Higher Education providers and communities to deliver major development and infrastructure projects, across public, private, academic and third sectors. These projects are initially defined as Cocksie, Blindwells, QMU (through ESESCRD), coastal sites and emerging redundant public sector assets as economic development opportunity. Utilise partners’ and others specialist technical and financial input. <ul style="list-style-type: none"> ○ Where necessary and at the appropriate time, develop detailed development proposals for these sites. In doing so, due cognisance should be given to examples of best practice elsewhere in Scotland, such as Inverness Campus, and the Diageo site in Kilmarnock. ○ The QMU Innovation Hub outline business case details the timescale, outcomes, impacts and funding required. This should act as guiding document for preparatory work during the period of this strategy. ○ Blindwells will be a ‘new town’ with the first houses being built during 2018/19. It will be important to ensure that economic benefits and that the ESESCRD project are both realised ● Align development opportunities on the sites to East Lothian’s existing priority sectors, as well as any emerging sector or technological opportunities. There should be a focus on delivering high quality jobs and opportunities. ● As far as possible, identify how the development can be ‘future-proofed’, e.g. incorporation of renewable energy and other sustainability features, purpose-built ducting to accommodate future infrastructure roll-out such as ultrafast broadband. ● Identify, explore and deliver opportunities for education and training benefits through the sites’ construction and operational phases, e.g. through construction apprenticeships, Community Benefit clauses, Further/Higher Education hubs, etc. ● Explore the potential to provide business incubation space, start-up units and business ‘touch-down’ space to support the nurturing of business start-ups and entrepreneurialism in East Lothian, as well as to capitalise on linkages with QMU and the Edinburgh Innovation Park, and encourage potential spin-outs to locate in East Lothian. (linked to Project 1)
<i>Contributes to SO1, SO4, SO5</i>	
Strategic Workstream 3: Improve the economic performance of East Lothian’s key sectors	<ul style="list-style-type: none"> ● Agree and review the refresh and development of Action/Implementation Plans for East Lothian’s priority sectors. Emphasis should be placed initially on Tourism, Food and Drink, Care, Industrial Biotechnology and Renewables.

Strategic Workstream	Key actions
<p><i>Contributes to SO1, SO2, SO3, SO4, SO5</i></p>	<ul style="list-style-type: none"> • For Tourism, the existing Action Plan's delivery should be evaluated, and refreshed accordingly. The Action Plan should continue to address the following in the first instance: <ul style="list-style-type: none"> ○ Identified gaps in the tourism offer; ○ The development of East Lothian's wildlife, coast, cycling and walking opportunities (outdoor tourism); and ○ Then need to better join up different strands of the Tourism and Food and Drink offer. • Maximise the key assets in East Lothian to support sector development, e.g. Industrial Biotechnology at QMU, heritage assets such as John Muir in support of tourism, etc. • Help to grow and develop East Lothian's Food and Drink BID to showcase East Lothian's food and drink across Scotland and UK. This may include exploring the need/demand for development of a business mentoring scheme of small/start-up food and drink businesses to support growth and expansion of upstream activities, exporting, product development, access to markets, etc. • Develop a more co-ordinated approach to unlocking the area's potential as an events and business tourism destination, and attract major events to East Lothian on a more regular basis – e.g. golf championships, conferences, festivals. • For Industrial Biotechnology, scope out the requirement for an action plan that maximises the potential from capabilities at QMU and the Edinburgh BioQuarter, the Edinburgh Innovation Park development, and key existing East Lothian companies. • Develop joint offers/cross-marketing with Edinburgh to exploit complementary opportunities and make the most of regional initiatives.
<p>Strategic Workstream 4: Improve East Lothian's connectivity</p>	<ul style="list-style-type: none"> • Maximise the opportunity presented by strategic transport infrastructure improvements delivered through the ESESCRD to unlock additional transport infrastructure improvements across the local authority area. <p><i>Contributes to SO1, SO5</i></p> <ul style="list-style-type: none"> • Enhance and better integrate public transport provision and connectivity, by: <ul style="list-style-type: none"> ○ Examining the potential for timetable scheduling with transport providers to reduce connection times and enhance multi-modal journeys. ○ Explore the potential for public transport interchanges across East Lothian. • Explore opportunities to encourage and support more sustainable and healthy modes of transport, e.g. cycling, through the provision and promotion of more cycleways and dedicated cycle lanes, and Green Active Travel Corridors. • Explore opportunities to deliver public transport through innovative alternative means (e.g. social economy model). • Support increased levels of digital inclusion and speed across East Lothian, to help businesses and communities take advantage of improved broadband infrastructure and mobile network coverage. • Lobby the Scottish Government to dual the A1 to the Scotland-England border, as an important strategic transport route for East Lothian.
<p>Strategic Workstream 5: Enhance East Lothian's business support infrastructure and make the most of assets</p>	<ul style="list-style-type: none"> • Make the most of the knowledge and experience of local business influencers to help support East Lothian businesses and entrepreneurs. • Better joining up of SE's account management service, Business Gateway, East Lothian Works, Chambers of Commerce, FSB and East Lothian Council's business/economic development services to better encourage businesses to grow, convert lifestyle businesses, and secure a strong pipeline of growth and potential high-growth businesses. <p><i>Contributes to SO1, SO5</i></p>

Strategic Workstream	Key actions
Strategic Workstream 6: Energise East Lothian's town centres and rural economy	<ul style="list-style-type: none"> • Build low carbon planning, energy efficiency and sustainability advice into the East Lothian business support ecosystem. • Review demand for East Lothian's business premises and explore opportunities to enhance the local business premises offer. • In line with the development of prospectuses through Strategic Workstream 1, develop and market distinctive branding of each town which builds on each town's existing assets. • Develop, support and market East Lothian's rural economy and associated opportunities. • Support local efforts to enhance East Lothian's town centres, improve the retail and visitor experience, and make improvements to street scenes, parking provision, amenities, etc. • Encourage town centre development, and support mixed uses in town centres to enhance sustainability and resilience by: <ul style="list-style-type: none"> ○ Exploring and taking advantage of opportunities to developing business space within town centres; ○ Identifying opportunities for community and social use of premises in town centres, recognising the shift in retail trends, and changing nature of high streets; and ○ Considering alternative commercial uses of town centre and rural assets. • Provide continued support for local retailers and businesses through 'shop local schemes', farmers' markets, making connections to East Lothian Food & Drink. • Work to extend and encourage 'shoulder season' tourism activity and evening economy activity in towns.
<i>Contributes to SO1, SO2, SO5</i>	
Strategic Workstream 7: Develop more sustainable employment and training pathways for all in East Lothian	<ul style="list-style-type: none"> • Ensure a smooth and well-communicated learner journey across East Lothian's learning and employability pathways. • Seek opportunities to enhance the delivery of East Lothian Works, and enhance complementarity with the Integrated Regional Employability and Skills (IRES) programme to maximise opportunity and join up learning and employability services. • Align skills provision with industry need in East Lothian through work placements, education-industry partnerships, etc. • Embed employability attributes and skills into the curriculum from as early an age as possible so building resilience, flexibility and team working. • Work with DYW Edinburgh, Midlothian and East Lothian to: <ul style="list-style-type: none"> ○ Increase the involvement of local businesses in supporting youth transitions – e.g. enterprise education in schools, work experience placements, apprenticeships. ○ Develop mentoring of young people in and from school into Further Education or employment. ○ Provide opportunities for young people to develop entrepreneurial skills and align these with other programmes and options. ○ Deliver the East Lothian Guarantee. • Ensure continued accessibility of FE and training opportunities for East Lothian's young people, such as through local delivery by the school-college partnership, and the provision of transport passes. • Seek opportunities to increase the number of apprenticeships and National Training Programmes opportunities taken up by young people in East Lothian. This should include the increasing opportunities for Graduate Level
<i>Contributes to SO1, SO4</i>	

Strategic Workstream	Key actions
	<p>Apprenticeships, and align with the East Lothian Workforce Plan (ELC and SDS).</p> <ul style="list-style-type: none"> Identify need/demand for life-long learning opportunities, and help East Lothian residents to upskill, change careers, or return to the labour market.

Strategic principle – the *One East Lothian* approach

5.10 In addition to the strategic goals, objectives and projects outlined above, and critical to the effective delivery of the strategy, there is a need for a joined up approach to economic development. This approach requires strong collaborative working between East Lothian’s Community Planning partners, and particularly between the members of the Connected Economy Group – and also within these organisations.

5.11 This principle is the *One East Lothian* approach to economic development. It includes:

- Continued commitment and leadership from East Lothian’s Community Planning partners to delivering the East Lothian Economic Development Strategy
- Promoting East Lothian to wider audiences to help increase East Lothian’s profile
- Challenging partners to maximise the economic development benefits from activities, premises and land, economic opportunities and investments
- Maximising the business and employment opportunities from local investments, such as the benefits that could be achieved through Community Benefit clauses
- Joining up services within organisations to improve quality of service that businesses, residents and partners experience; for example, improving joint working between East Lothian Council’s economic development, planning, trading standards and environmental health

5.12 In taking this approach, there should be a clear articulation of the roles of each partner and the distribution of responsibilities for specific areas of the Strategy and its implementation. It should draw on the skills and expertise available across partners, adopting a ‘matrix’ approach to help deliver the Strategy. Alongside this will be details on the ‘asks’ of the different public agencies with a role to play. This will help to ensure ownership by partners and provide clarity on where the various responsibilities lie. It will form the basis of the governance structure of the Strategy’s Action Plan.

Equalities and inclusive growth

5.13 Equal opportunities and inclusive growth is also central to the delivery of the Strategy. It will meet the general and specific duties set out in the Equality Act 2010, and will have due regard for the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity; and
- Foster good relations.

5.14 Reducing inequalities within and across East Lothian’s communities is an overarching objective of the Council Plan’s. In order to meet this objectives the Council Plan sets out strategic goals which will make the biggest impact in delivering these key themes and objectives, and the EDS contributes to these:

- Reduce unemployment and improve the employability of East Lothian's workforce, including those who are furthest from the labour market.
- Continue to tackle youth unemployment and its consequences.
- Reduce the attainment gap and raise the attainment and achievement of East Lothian's children and young people.
- Improve the life chances of the most vulnerable people in East Lothian's society.
- Extend community engagement and decision making and increase community and individual resilience.
- Deliver transformational change and harness the opportunities that technology offers in the provision of services.

6 Implementing the refreshed Strategy

Introduction

6.1 It is essential to have mechanisms in place to ensure that the refreshed East Lothian Community Planning Economic Development Strategy is delivered. These will include:

- A revised set of targets and milestones to measure progress against the strategic goals.
- Ensuring that the right structures are in place for governance and management of the Strategy.
- Agreeing on an Action Plan to guide delivery against Strategy objectives.

Targets and milestones

6.2 The previous chapter describes the strategic goals and objectives for East Lothian. It is essential that linked to these aspirations are quantifiable outcome based targets and milestones, as this will allow partners and others to judge to what extent the Strategy is being delivered.

- Targets should relate to the end point of the Strategy – 2022.
- Annual milestones should be set for the remainder of the strategy's lifespan to assess the extent to which the strategy's delivery is on track. This will allow the regular monitoring of progress against objectives.

6.3 Each strategic workstream will also need targets and milestones – although the timings of these will depend on the timescales agreed for each project. Deciding on realistic but ambitious targets and milestones should be an early to drive forward the Strategy.

6.4 Potential targets relating to the achievement of strategic goals and objectives for East Lothian are set out in Table 6.1.

Table 6.1: Indicative targets for measuring progress towards strategic goals

Indicator	Baseline	Target	Timeframe
Increase the business base in East Lothian <i>Increase businesses (re)locating in East Lothian</i>	3,180 (2018)	3,300 (+120)	2022
Increase in businesses accessing business support, and business growth services <i>Includes businesses supported by Business Gateway, East Lothian Works, SDI and SDP.</i>	237 (2016/17)	400	2022
Increase in number of businesses in growth pipeline/number accepted for Scottish Enterprise Account Management <i>Increase in number of actively innovating businesses</i>	5 (2017/18 target)	6	2019
Increase employment in East Lothian	28,500 (2015)	34,000 (+5,500)	2022
Increase job density (jobs per working age population)	0.55 (2016)	0.60	2022
Increased new/safeguarded jobs	0/0 (2016/17)	140/100	2022
Increase in amount of available development-ready employment land and available assets ⁶³	0m ² (2015)	+ 100,000m ²	2022

⁶³ This is based on the 2015 Employment Land Audit, and contrasts with the amount of available land allocated for employment use in the recently adopted East Lothian Local development Plan 2018

Indicator	Baseline	Target	Timeframe
<i>Particularly for high value employment use</i>			
Decrease town centre vacancy rate <i>Consider use of individual targets for towns</i>	5.6% (2016/17)	5%	2022
Increase ratio of workplace earnings to residence earnings	0.94 (2016)	1	2022
Increase in BERD in East Lothian	£3.9m (2016)	£5m	2022
Maintain level of apprenticeship starts	550 (2017/18)	550 (annual)	2019, ongoing
Increase tourist visitors in East Lothian	1.35m (2016)	1.5m (+ 0.15m)	2022
Increase proportion of visitors staying overnight in East Lothian	32% (2016)	35%	2022
Increase superfast broadband connectivity	92.1% (2018)	100%	2022

Robust review process

6.5 In addition to setting targets and milestones, partners must also have a robust process in place for reviewing progress towards these on an annual basis, and identifying and comparing the effectiveness of economic development interventions operating in East Lothian. This must:

- Examine the data on progress against the milestones and targets;
- Provide a forum to discuss the reasons for lack of progress or accelerated progress; and
- Be able to put in place measures to tackle a lack of progress or to respond to accelerated progress.

6.6 As noted in the previous chapter, this will require clear understanding of the roles of each partner and the distribution of responsibilities for specific areas of the Strategy and its implementation. It may also mean allocating significant resource from under-performing interventions towards successful ones.

6.7 The process must be tied into the refreshed Action Plan (outlined later in this chapter) and should be driven by the Strategic Board, namely the East Lothian Partnership's Connected Economy Group. It will help the Strategic Board in making key decisions about prioritisation of strategic workstream and how best to deliver these. It will also help in establishing a set of processes and procedures for monitoring and evaluating the effectiveness of economic development interventions in East Lothian. This collective review process will ensure that East Lothian Council and partners are able to drive forward the Strategy.

6.8 The review process is central to determining what local services, projects and interventions should deliver in terms of the economic development strategic goals and projects set out in the refreshed Strategy. Particularly in a period of ongoing constraints on public finances, the process will help to ensure that delivery represents best value.

6.9 As an indicative timescale, reviews should be held annually during Quarter 3 of each financial year, with preparatory work conducted in advance to ensure that the review is fully evidence-based. This will allow the review to adequately inform spending decisions for the next financial year.

Governance and management of the Strategy implementation process

6.10 It is essential that there continues to be clear governance arrangements to ensure a smooth implementation of the refreshed Strategy. It will incorporate two levels of working:

- Strategic oversight of the strategy and its implementation.
- Operational management of the implementation of the strategy in a more hands-on way.

Strategic Board

6.11 Driving forward the strategy requires a Strategic Board or Group tasked with ensuring the Strategy's goals, objectives and projects are delivered. The Connected Economy Group of the East Lothian Community Planning Partnership currently fulfils this role, and this should continue. It has the necessary senior representation from East Lothian Council (both officer and councillor) and its strategic partners, as well as private sector representation. This helps to ensure continuing weight is placed on achieving the vision, goals and objectives set out in the Strategy. It also brings credibility and authority to the Strategy and Strategic Board, as well as an appropriate mix of skills and expertise.

6.12 In its capacity as the Strategic Board, the Connected Economy Group would oversee the Strategy and its delivery. Its remit would include:

- Signing off the refreshed Strategy;
- Agreeing the Action Plan for the remainder of the Strategy's lifespan;
- Making recommendations and decisions around service design, delivery and resource allocation;
- Implementing the annual review process, measuring progress towards the Strategy's targets and implementing change if insufficient progress is being made; and
- Working to resolve any major problems or responding to any major opportunities that could affect influence the delivery of the Strategy, recognising that the Strategy will continue to evolve over time.

6.13 A dedicated and resourced secretariat must support the Strategic Board. East Lothian Council currently provides this key support service, and should continue to do so.

Implementation

At an operational level, it is essential that there is a dedicated resource to support the refreshed Strategy's implementation. This could be done through a formalised implementation group, or ad-hoc working groups as deemed necessary. The resource should be drawn from operational leads with a remit and responsibility for delivering economic development services for each of the key organisations represented on the Connected Economy Group.

6.14 Organisations or partnerships of organisations will be assigned responsibility for delivery of specific strategic workstreams.

6.15 The implementation group or ad-hoc working groups will report to the Strategic Board on:

- Progress of individual strategic workstreams;
- Progress against milestones and targets; and
- Key issues, challenges and opportunities emerging.

Action plan

6.16 The first task of the Strategic Board is to sign off the refreshed Strategy. The next and immediate task must then be to sign-off a revised Action Plan for delivery through to 2022. The Action Plan is an essential planning mechanism to ensure that the Strategy's targets and milestones are achieved, and will set out:

- Key actions that need to be taken across different delivery areas. Collectively, the actions outlined must demonstrably link to the desired outputs and outcomes and be sufficient in scale and effectiveness to meet the Strategic Goals (and associated targets and milestones) that have been set;
- Resources required to deliver these key actions and how these will be assembled;
- Organisational responsibility for each key action;
- Activity and output targets for each key action;
- The process for reviewing progress against the Strategy's overarching targets and milestones, alongside the activity and output targets for each key action, on an annual basis. This must include both assessing progress and where there is underperformance, mechanisms to address this.

6.17 Sign-off of this revised Action Plan is a priority for the Strategic Board. It should then be revisited and updated on a continual basis over the remaining lifespan of the Strategy. Similarly, East Lothian Council members should be given the opportunity to debate and review the Strategy and accompanying Action Plan.

Appendices

Appendix A: Consultee organisations

- East Lothian Council
- East Lothian Community Planning Partnership Connected Economy Group
- East Lothian Golf Tourism Alliance
- East Lothian Works
- Edinburgh Chamber of Commerce
- Foxlake Adventures
- Fringe by the Sea
- Mid- and East Lothian Chamber of Commerce
- North Berwick Coastal Area Partnership
- Preston Seton Gosford Area Partnership
- Scottish Enterprise
- Scottish Seabird Centre
- Skills Development Scotland
- The Business Partnership

Appendix B: Strategy progress, 2012-17

Table A: Strategy delivery against targets

Indicator	Target	Actual	Notes
Number of businesses	Increase of 350 businesses by 2022.	Achieved – Increase of 620 businesses between 2010 baseline year and 2017.	Target has been far exceeded.
Number in employment	Increase of 7,500 jobs by 2022.	Not yet achieved – Increase of 2,000 between 2010 baseline year and 2015 (latest year available).	Good progress but behind target.
Jobs density	To be on a par with Fife and Scottish Borders local authorities.	Not yet achieved – the ratio of jobs per population aged 16-64 was 0.53 in East Lothian in 2015 (latest year available) compared to 0.65 in Fife and 0.73 in Scottish Borders.	There has still been an increase in jobs density from 0.49 in 2010 (baseline year) to 0.53 in 2015.
Marketing East Lothian's employment and business offer	Marketing of the area's strengths – proximity to Edinburgh, relatively low costs and highly qualified workforce.	Achieved – East Lothian Works and ELC have delivered Invest in East Lothian Programme.	Materials highlight the benefits of East Lothian as a business base and also the availability of advice and support.
Develop East Lothian's Tourism sector	Developing tourism branding to form a more joined up offer, cross-marketing with Edinburgh and attracting more high profile events.	Achieved – Visit East Lothian branding with Edinburgh's Coast and Countryside tagline to join up with Edinburgh. Held 2013 Open Golf Championship and host to 2018 ASI Scottish Open and Ladies Scottish Open. Recognised as supportive and attractive event location.	Tourism strategy sets out further developments in this area.
Improving employability services, particularly for young people	Improving employability services, particularly for young people and developing East Lothian Youth Unemployment Plan.	Achieved – delivery of East Lothian Works employability service (advice for adults and young people), youth unemployment has reduced from 24.8% in 2010/11 (baseline year) to 10.8% in 2016/17 and 2017/18 Youth Unemployment Plan published outlining various youth employability programmes available.	Within this area there has been a significant reduction in youth unemployment and alongside East Lothian Works, East Lothian has also participated in DYW.
Develop sector strategies	Update/develop tourism, food and drink and renewable strategies.	Not yet achieved – only update of tourism strategy has been delivered to date. Food & Drink BID.	Whilst strategies have not been developed/updated, there have been significant developments in food & drink and renewables sectors.
Improve public transport and broadband connectivity	Improving public transport services and developing broadband infrastructure.	Some progress – extension of bus routes between Edinburgh and East Lothian and work with Digital Scotland to improve broadband connectivity and ensure attention given	Likely to be further improvement to broadband infrastructure with Scottish Government Reaching 100% programme, aiming for all of Scotland to have Next Generation Access broadband by 2021.

Indicator	Target	Actual	Notes
Energise East Lothian's town centres	Develop distinctive branding of each town and supporting town centre improvements to increase resident spend.	Some progress – town centre projects/strategies published for Haddington and Musselburgh. Community charrette events held in Tranent and North Berwick.	From January 2018 there will be a six month incubation project providing subsidised premises in an empty unit in Dunbar High Street.

Appendix C: Wider policy changes

Table B: Further relevant policy/strategy developments

Policy/Strategy	Policy/Strategy summary	Relevance
National Tourism Strategy (Revised 2016)	Originally published in 2012, updated with priorities for 2016-2020 to: <ul style="list-style-type: none"> Strengthen Digital Capabilities Strengthen Industry Leadership Enhance the Quality of the Visitor Experience Influence Investment, specifically flight access & transport connectivity, built infrastructure, digital connectivity and business growth finance 	Tourism highlighted within East Lothian EDS as key sector for economic development. ⁶⁴
Ambition 2030 – Scotland’s Food and Drink Strategy (2017)	Published in 2017, targets doubling sector turnover to £30 million by 2030. Three pillars of growth: <ul style="list-style-type: none"> People and skills Supply chain Innovation 	Food & drink highlighted within East Lothian EDS as key sector for economic development. ⁶⁵ Establishment of first Food & Drink BID.
Realising Scotland's full potential in a digital world: A Digital Strategy for Scotland (2017)	Outlines the need for entire Scottish economy to take advantage of benefits offered by digital technology. Planned actions include: a Digital Growth Fund to help address undersupply of digital skills and utilising City and Region deals to maximise use of digital innovation to increase economic growth.	Importance of the development of digital technology to economic development, both as a sector in itself and for other sectors. ⁶⁶
Trade and Investment Strategy (2016)	Aims to support sustainable business, jobs and income growth in Scotland through internationalisation by: <ul style="list-style-type: none"> More businesses selling more goods and services to a wider range of international markets; and Attracting significant inward, capital and risk investment. Underpinned by Scotland’s International Framework, which aims to “create an environment within Scotland that supports better understanding of international opportunities and greater appetite and ability to seize them”. 	Sets out the development of policy support for internationalisation, international trade and inward investment, which are key for economic development. ⁶⁷
Social Enterprise Strategy (2016)	Part of inclusive growth and aims to: <ul style="list-style-type: none"> Stimulate social enterprise Develop stronger social enterprise organisations Enable social enterprise market opportunities 	Social enterprise is becoming an important sector for wider economic development, and particularly inclusive growth. ⁶⁸
Scotland’s Energy Strategy (2017)	Published in 2017, sets out the intended transition to a low-carbon economy and the focus on renewable and smart energy technologies, a decentralised energy system, and the ambitious new 2030 target of 50% of Scotland’s energy consumption to be met by renewable energy.	Important impacts for developing renewable energies sector, which is key part of East Lothian economic development plans. ⁶⁹ Will also have implications for Torness.
Life Sciences Strategy (2017)	Published in 2017, building on previous 2011 strategy, sets out aim to “make Scotland the location of choice for life sciences businesses, researchers, healthcare professionals and investors whilst increasing the sector’s contribution to Scotland’s economic growth.”	Life Sciences is a Scottish Government key sector, recognised as important for the

⁶⁴ [http://www.scottishtourismalliance.co.uk/uploads/TS2020_Mid_Term_Review_2016/TS2020_Mid_Term_Review_-_Key_Messages_\(Mar_16\).pdf](http://www.scottishtourismalliance.co.uk/uploads/TS2020_Mid_Term_Review_2016/TS2020_Mid_Term_Review_-_Key_Messages_(Mar_16).pdf)

⁶⁵ <http://www.scotlandfoodanddrink.org/media/78130/strategy-brochure-smaller-size.pdf?Action=download>

⁶⁶ <http://www.gov.scot/Resource/0051/00515583.pdf>

⁶⁷ <http://www.gov.scot/Resource/0049/00495491.pdf>

⁶⁸ <http://www.gov.scot/Resource/0051/00511500.pdf>

⁶⁹ <http://www.gov.scot/Topics/Business-Industry/Energy/energystrategy>

		development of the Scottish economy. ⁷⁰
Life & Chemical Sciences Manufacturing Strategy (2015)	Published in 2015, the aim of the plan is to achieve the objectives of the strategies for both Life and Chemical Sciences by increasing the contribution manufacturing makes to both sectors. It has five key themes – Leadership confidence and promoting manufacturing; Research Commercialisation; Technology Development and Scaling; Supply Chains and Re-shoring; and Investing in Scotland.	Life & Chemical Sciences have been recognised as key sectors for economic growth so their development is key to wider economic growth. ⁷¹
National Plan for Industrial Biotechnology (2013)	Aims to increase competitiveness and sustainability of multiple industries in Scotland through growing industrial biotechnology-related turnover. Main target is for industrial biotechnology- related turnover in Scotland to reach £900 million by 2025.	Another important area of economic growth that has been shown to improve competitiveness and sustainability within several sectors. ⁷²
Manufacturing Future for Scotland (2016)	Sets out a range of priority actions to improve productivity, innovation and investment. Key actions include establishing a joint centre for Manufacturing Excellence and Skills Academy and launching an enhanced programme to support companies in taking up new opportunities.	Important development of support to improve innovation and investment in an important area that cuts across a number of sectors. ⁷³
STEM Education and Training Strategy (2017)	Sets out how to improve training and education to meet STEM skills demand. Key aims are to improve levels of STEM enthusiasm, skills, and knowledge; raising attainment; encouraging uptake of more specialist STEM skills required to gain employment.	Important for economic development as STEM sectors and skills have been recognised as key to economic growth, particularly as they promote innovation. ⁷⁴
Skills Investment Planning (first SIP in 2012; 12 in total)	Skills Investment Plans have been developed by SDS and industry partners for a number of sectors and areas. They articulate economic and labour market characteristics trends in skills and qualification supply, and employers' perspectives on the big skills issues affecting growth. Also set out key recommendations and actions for addressing skills challenges.	SIPs set out important information on trends within key sectors alongside plans for future change and development, which may be implemented locally. East Lothian was included in the Edinburgh and South East Scotland SIP and this can provide useful information for the EDS refresh. ⁷⁵
Regional Skills Assessments (2014)	RSAs cover a number of different geographies including college regions, City Deal regions and local authorities. They offer an overview of the skills and economic base and employment within each area. ⁷⁶	RSAs offer key data to inform the refresh and review of the East Lothian strategy.

⁷⁰ https://www.scottish-enterprise.com/~media/se_2013/sectors/documents/life%20sciences%20strategy%20for%20scotland%202025%20vision.pdf?la=en

⁷¹ https://www.scottish-enterprise.com/~media/se_2013/documents/lscs%20manufacturing%20strategy.pdf?la=en

⁷² https://www.scottish-enterprise.com/~media/se_2013/sectors/documents/scottish%20ib%20progress%20report%202015.pdf?la=en

⁷³ https://www.scottish-enterprise.com/~media/se_2013/documents/a%20manufacturing%20future%20for%20scotland.pdf?la=en

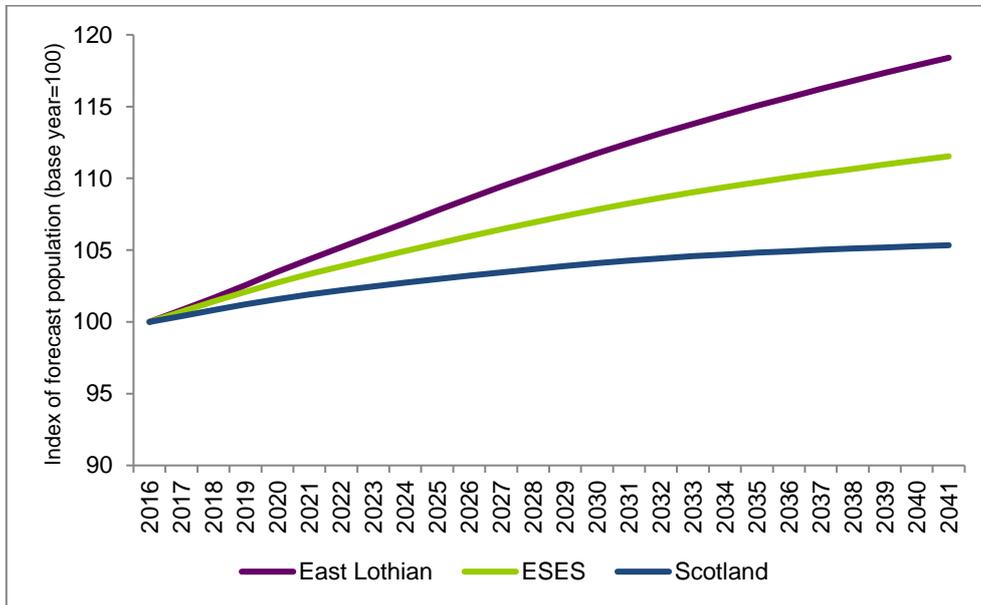
⁷⁴ <http://www.gov.scot/Resource/0050/00509522.pdf>

⁷⁵ <http://www.skillsdevelopmentscotland.co.uk/what-we-do/partnerships/skills-investment-plans/>

⁷⁶ <http://www.skillsdevelopmentscotland.co.uk/what-we-do/partnerships/regional-skills-assessments/>

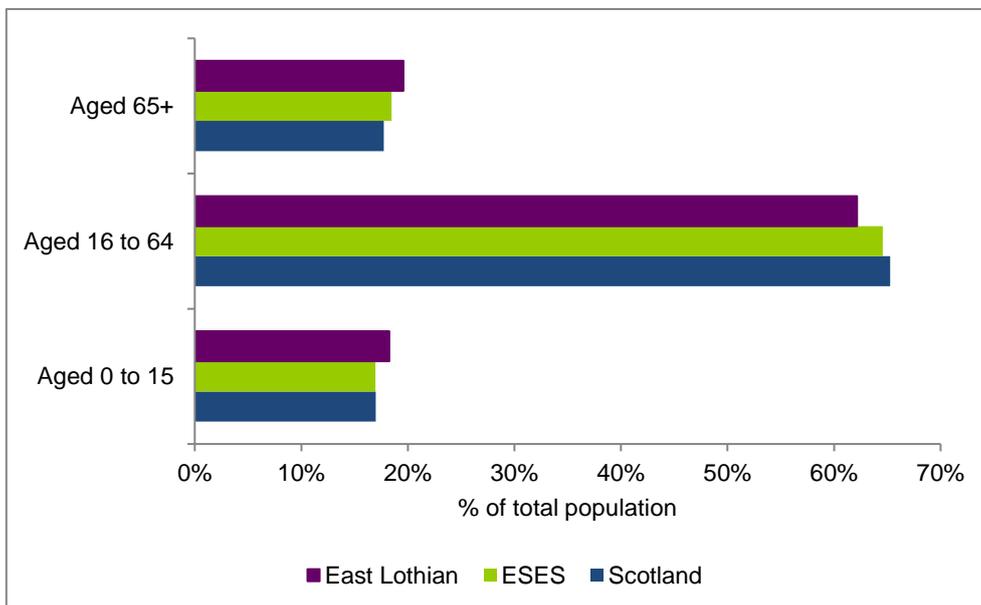
Appendix D: Local Economic Assessment data

Figure D.1: Population projections, 2016-2041



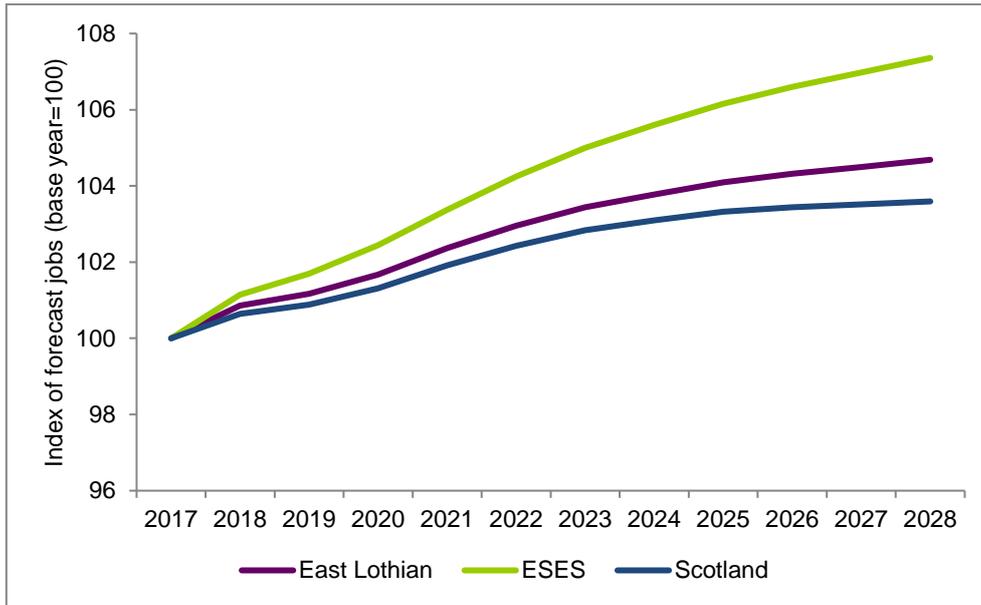
Source: National Records of Scotland, 2018

Figure D.2: Population by age, 2017



Source: Mid-Year Population Estimates, 2018

Figure D.3: Forecast jobs, 2017-2028



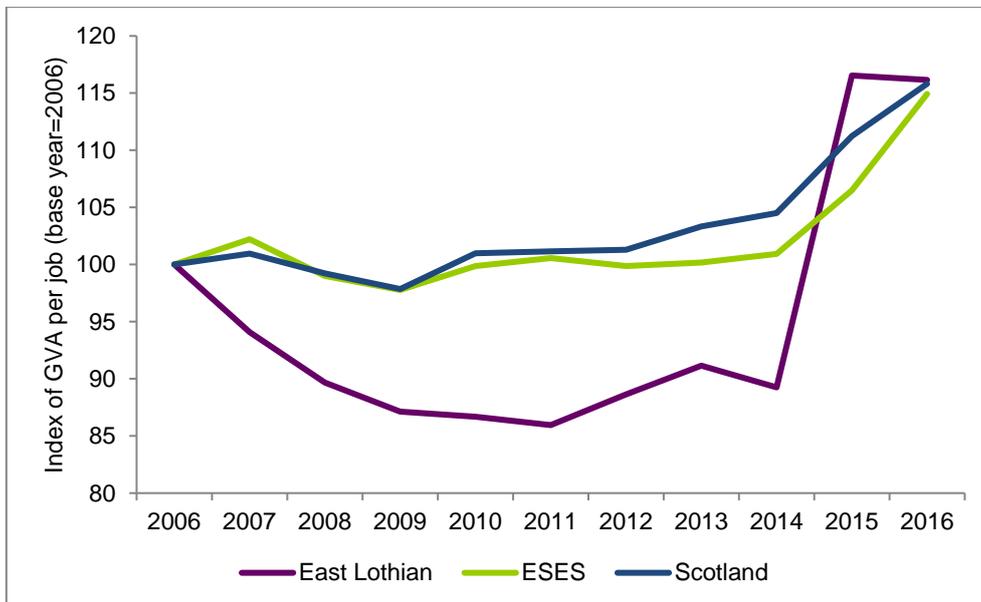
Source: Oxford Economics forecast work, for Skills Development Scotland, 2018

Table D.1: Top business sectors, 2018

East Lothian	ESES	Scotland
Professional, Scientific and Technical (17%)	Professional, Scientific and Technical (19%)	Professional, Scientific and Technical (18%)
Construction (13%)	Wholesale and retail (12%)	Wholesale and retail (13%)
Wholesale and retail (13%)	Construction (11%)	Construction (12%)

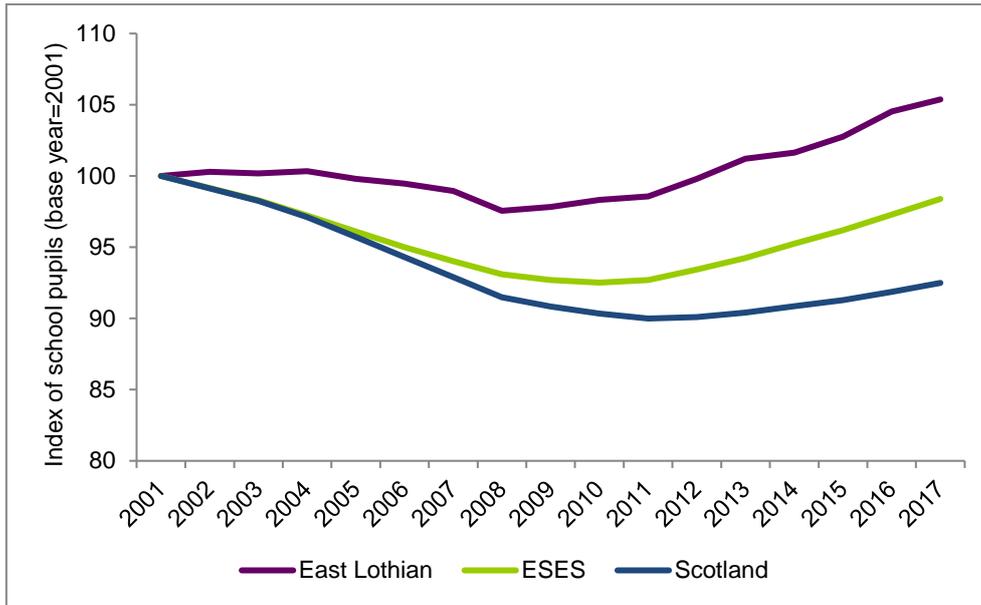
Source: UK Business Counts, 2018

Figure D.4: GVA per job, 2006-2016



Source: Oxford Economics forecast work, for Skills Development Scotland, 2018

Figure D.5: Number of school pupils, 2001-2017



Source: Scottish Government, 2018

Table D.2: School leavers by attainment, 2016/17

Area	1+ at SCQF Level 3 or better	1+ at SCQF Level 4 or better	1+ at SCQF Level 5 or better	1+ at SCQF Level 6 or better	1+ at SCQF Level 7
East Lothian	97.8%	96.5%	84.7%	63.7%	21.8%
ESES	98.0%	95.6%	84.0%	59.6%	19.4%
Scotland	98.0%	96.3%	86.1%	61.2%	19.3%

Source: Scottish Government, 2018

Appendix E: IRES project diagrams

Figure AE.1: Initial change projects mapped against the IRES improvement cycle

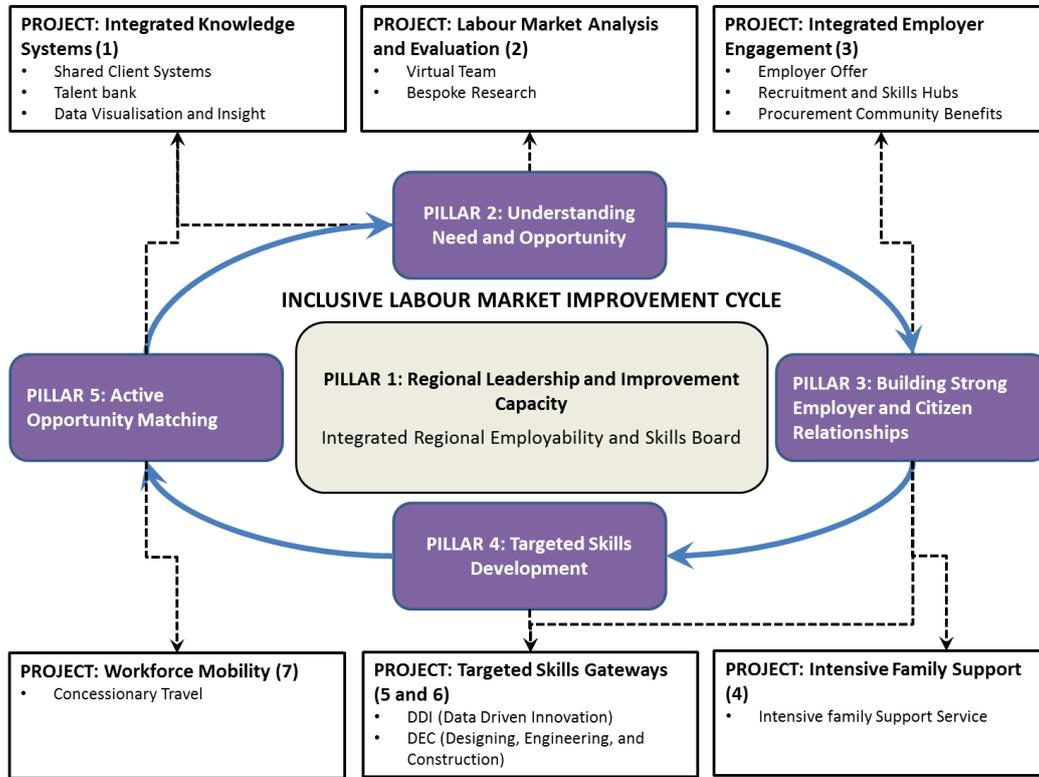
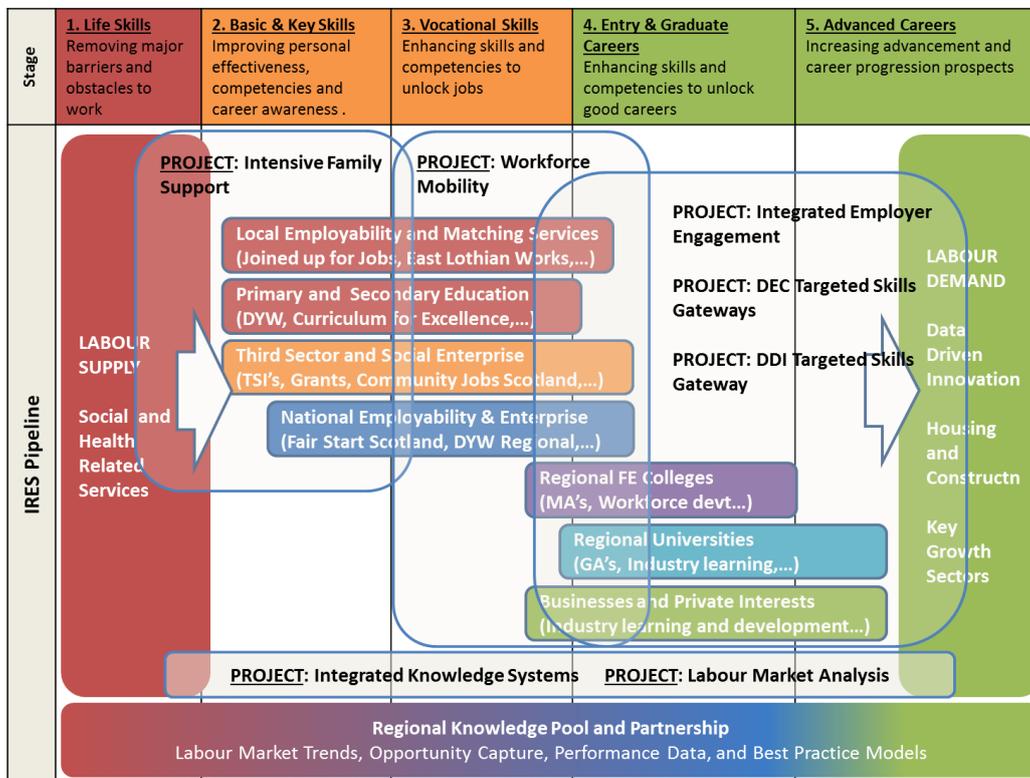


Figure AE.2: Initial change projects mapped against stages



The Regional Skills Assessments (RSAs) are a single, agreed evidence base on which to base future investment in skills. The infographic below is designed to support the East Lothian RSA Summary report, using Oxford Economics forecasts* over the period 2018-2028 to show current and future economic contribution as well as current and future demand for skills.

The Economy



Gross Value Added (GVA)¹ in 2018

Total **regional** GVA is:
£1,813m

1%
of total **Scottish** output



Forecast² annual growth (2018-2028)³:

East Lothian: 1.7%
Scotland: 1.6%
United Kingdom: 1.9%



Productivity (GVA per job) in 2018

Regional productivity is:
£50,200

Compared to **national** productivity of:
£47,300



Forecast annual growth (2018-2028)

East Lothian: 1.3%
Scotland: 1.3%
United Kingdom: 1.4%

Current Demand for Skills (2018)



Total Employment⁴ in 2018

36,100 jobs



Total employment between 2008 and 2018:

up by 4% or 1,400 jobs

Compared to a **national increase of 2%**

Sectoral Employment

Top 3 employing sectors in 2018:



Human health & social work
(5,400 jobs)



Wholesale & retail
(4,300 jobs)



Education
(3,700 jobs)

Employment by Occupation (people)

This is what the occupational structure⁵ looks like in 2018:

44%
Higher level
occupations



35%
Mid-level
occupations



21%
Lower level
occupations



* As with all forecasts, certain caveats need to be applied. They are based on what we know now and include past and present trends projected into the future. Their value is in identifying likely directions of travel rather than predicting exact figures. It is recommended therefore that users examine trends over time rather than focusing on changes in individual years. Finally, the more disaggregated they become, especially at smaller geographical units, the less reliable they are likely to be.

¹ GVA is the measure of the value of goods and services produced within the economy.
² Forecasts by Oxford Economics (unless

otherwise stated).
³ Data for 2019 to 2028 used as 2018 is based on the change between 2017-18. Please see RSAs and Technical

Note for more details.
⁴ Measured by total number of jobs.
⁵ 'Higher level occupations' are defined as Managers, directors &

senior officials, Professional occupations, and Associate professional & technical occupations; 'Mid level occupations' defined

as Administrative & secretarial occupations, Skilled trades occupations, Caring, leisure and other service occupations; and 'Lower level

occupations' defined as Sales & customer service occupations, Process, plant & machine operatives, Elementary occupations.

The Regional Skills Assessments (RSAs) are a single, agreed evidence base on which to base future investment in skills. The infographic below is designed to support the East Lothian RSA Summary report, using Oxford Economics forecasts* over the period 2018-2028 to show current and future economic contribution as well as current and future demand for skills.

Future Supply

Population 2016-2028⁶

Total population between 2016-2028:

up by 10% or 10,600 people

Forecast change:

East Lothian: 10%

Scotland: 4%

United Kingdom: 6%

The working age population (16-64) between 2016-2028:

up by 4% or 2,700 people

Forecast change:

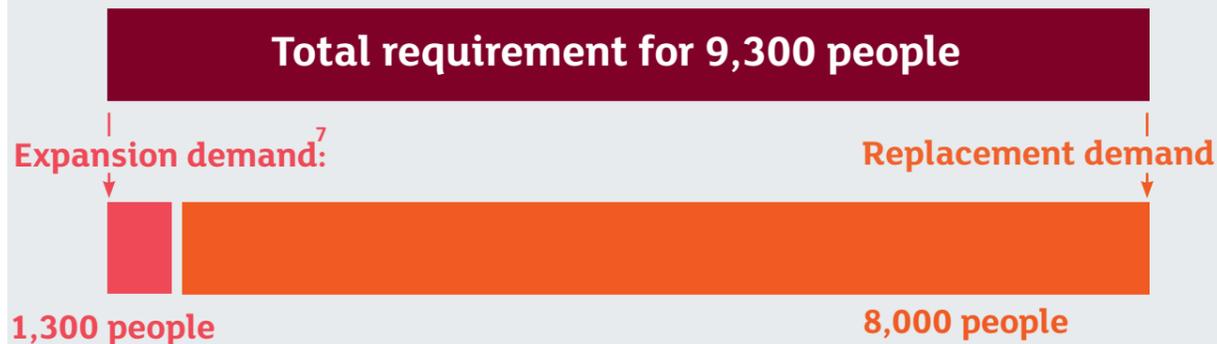
East Lothian: 4%

Scotland: -1%

United Kingdom: 8%

Job Openings (2018-2028)

Between 2018-2028 there will be a:



This is what actual job openings within the total employment structure look like over the next 10 years:

44%
Higher level occupations



23%
Mid-level occupations



33%
Lower level occupations



Future Demand for Skills (2018-2028)

Total Employment 2018-2028⁸

up by 4% or 1,400 jobs

Forecast average annual change:

East Lothian: 0.3%

Scotland: 0.3%

United Kingdom: 0.4%



Top 3 employing sectors in 2028 are forecast to be:



Human health & social work (5,500 jobs)



Wholesale & retail (4,500 jobs)



Education (3,900 jobs)

Between 2018-2028

The largest employment growth is forecast in:



Admin & support services (14%)



Arts, entertainment & recreation (13%)



Construction (12%)

The largest employment decreases are forecast in:



Mining & quarrying (-26%)



Manufacturing (-14%)



Water supply, sewerage & waste (-9%)

⁶ Source: National Records of Scotland.

⁷ i.e. the number of jobs across the region is forecast to decrease over the period due to contraction of the economy. Expansion demand is the measure of an increase/decrease in jobs, as a result of economic growth or contraction; replacement demand is the

number of job openings generated through labour market churn (i.e. those who retire, move away, or change jobs). N.B. Some figures may not sum due to rounding.

⁸ Throughout this section, figures for 2018 - 2028 use 2018 to 2028 data as per Oxford Economics

calculations. Please see RSAs and Technical Note for more details.