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A Sustainable and Thriving East Lothian

Proposed Local Economy Strategy, 2024-2034

Evidence Paper

On behalf of **East Lothian Council**

Project Ref: 332610008 | Rev: Final | Date: March 2024

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For and on behalf of Stantec UK Limited				

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1 Introduction

1.1 Background

The Proposed East Lothian Local Economy Strategy (2024-2034) will set out a shared vision and a series of shared objectives, actions and performance measures for East Lothian Council (ELC) and its partners to work towards over the next 10 years to continue to create a sustainable and thriving East Lothian.

It has been built around the five key principles of: enterprising; thriving & resilient; community wealth building; green & sustainable; and, fair, which the Council and its partners consider fundamental to the area's economic future.

It draws evidence from:

- **Socio-economic review**: a desk-based review of socio-economic data, including a review of data on demographics; economy, employment and business; labour market characteristics; connectivity; housing and employment land; and the visitor economy.

- **Stakeholder and community engagement**: this included seven community workshops; three business stakeholder workshops; ongoing engagement with the East Lothian Connected Economy Group; over 50 1-2-1 discussions with key stakeholders and Council officials; and participation at economic development events in East Lothian, including the East Lothian Energy Conference; the MSP's Business Panel and the East Lothian Means Business Conference.

- **Community Wealth Building audit:** an assessment of East Lothian's current approach to Community Wealth Building, based around the Scottish Government's 'five-pillars' approach; and the development of an action plan to improve this.

- **Strategic review**: a review of the key national, regional and local strategic documents that influence East Lothian's approach to developing the local economy.

All of the research was undertaken over the course of 2023 and early 2024.

The research identified a number of significant strengths in the East Lothian economy, including a rapidly growing and well-educated population; a high quality reputation for its food & drink offer; attractive visitor destinations; natural resources and infrastructure that make the area well placed to target opportunities in renewable energy; a number of nationally and regionally important strategic development sites, high quality east-west transport links, and an active and engaged private and third sector. It also identified a range of factors that could constrain the area's future development, including a shortage of technical skills; an aging population; low business productivity; poor rural and north-south connectivity links, a shortage of high-quality commercial properties and immediately available business expansion land; and constraints on development in rural areas.

Figure 1: Consultation Activities to Support this Strategy (clockwise from top left: Prestonpans Community Engagement Event; North Berwick Community Engagement Event; East Lothian Means Business Event (Eskmills Venue); MSP's Economic Forum Meeting (Glenkinchie Distillery)

1.2 Structure of this report

The remainder of this paper's structure is as follows:

- **Section 2 (Area Overview):** summarises East Lothian's geography, transport infrastructure, and local governance.
- **Section 3 (Demographics):** summarises East Lothian's population statistics and changes including migration and population predictions.
- **Section 4 (Economy, Employment and Business):** summaries East Lothian's employment growth, employment by sector, trends in business demography, business starts and survival and GVA productivity.
- **Section 5 (Labour Market Characteristics):** summarises East Lothian's economic activity and inactivity, unemployment and out of work benefits, occupations, wages, qualifications and deprivation.
- **Section 6 (Connectivity):** summarises transport connectivity and digital connectivity in East Lothian.
- **Section 7 (Housing and Employment Land):** summarises East Lothian's housing stock, housing tenure, house prices and affordability and employment land.
- **Section 8 (Visitor Economy):** summarises market segments percentage and growth and activities undertaken by visitors to East Lothian.
- **Section 9 (Strategic Overview):** summarises East Lothian's strategic alignment with local, regional and national policies, strategies and plans.

- **Section 10 (Stakeholder Priorities):** summarises a collection of consultations with the public, communities, businesses, other key stakeholders and East Lothian Council.
- **Section 11 (Community Wealth Building Audit):** summarises the activities undertaken to document the current baseline position of Community Wealth Building in East Lothian and develop future CWB actions.

2 Area Overview

The purpose of this section is to provide a summary of the East Lothian area to provide context to the following chapters of this evidence paper.

East Lothian is a local authority area in east central Scotland, bordering Edinburgh to the West, Midlothian to the South-West and the Scottish Borders to the South and East. The administrative centre of the Council is Haddington, while the largest town by population is Musselburgh. Other large towns in the Council area include Tranent, North Berwick, Dunbar, and Prestonpans.

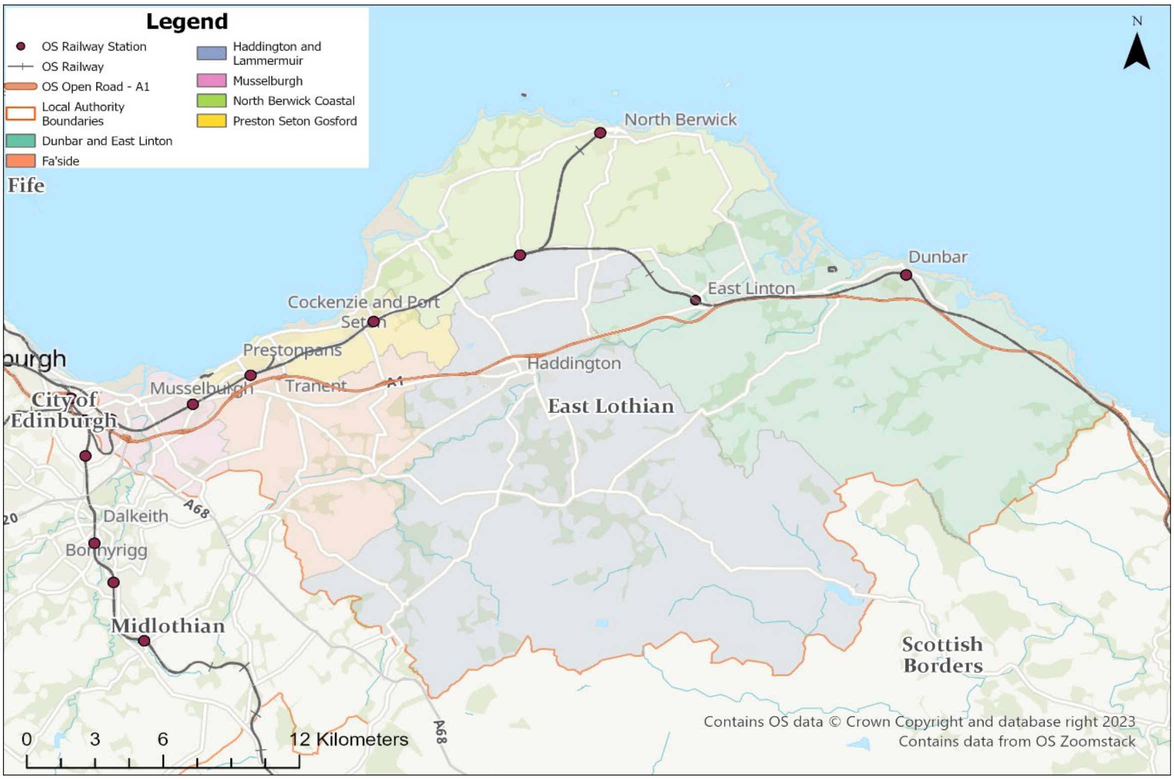
The geography of the area is varied; the coastline is mostly low-lying, with sandy beaches attracting people from all over Scotland and beyond. The principal towns of Musselburgh, Prestonpans, North Berwick and Dunbar, and the communities of Cockenzie, Port Seaton, Longniddry, Aberlady, Gullane and Dirleton are all located along East Lothian’s coastline.

The northern and central area of the Local Authority contains many of the Council area’s principal settlements and major transport routes, including the A1 and East Coast Mainline. It includes the principal towns of Haddington and Tranent, and the communities of Wallyford, Blindwells, Gladsmuir, Athelstaneford, East Linton and Innerwick. In addition, this area is mostly flat and contains large areas of prime agricultural land. The southern area of the Local Authority is more undulating and lies in the foothills of the Lammermuir Hills. It includes the villages of Ormiston, Pencaitland, Gifford, Stenton and Oldhamstocks.

The major rivers flowing through the Council area include the Rivers Tyne and Esk, which rise in Midlothian and feed the fertile farmland in East Lothian before emptying into the Firth of Forth at Belhaven Bay and Musselburgh respectively.

The Council area consists of six ward/area partnership areas, which each elect its own set of Council representatives and develops its own Local Area Plan. These are outlined below in Figure 2.

Figure 2: East Lothian Area Partnerships



Source: Ordnance Survey, 2023.

The main rail links in East Lothian are the East Coast Main Line (which runs from London to Edinburgh, passing through East Lothian), and the Edinburgh to North Berwick Line (which separates from the East Coast Main Line at Drem). Newcraighall Station, on the Borders Railway Line lies just outside of the area's western boundary. East Coast buses operate bus routes to each of the principal towns, while Eve Coaches (recently acquired by Lothian Buses), Prentice Coaches and E&M Horsburgh operate local routes.

The East Lothian coast is of outstanding natural heritage importance and is designated and recognised on local, national and international levels. Over 62km of the coast is designated as Site of Special Scientific Interest (SSSI) for biological, ornithological and geological interests, and forms part of the designated Firth of Forth Special Protection Area (SPA).

The East Lothian coast is also nationally and locally important in terms of recreation and is a significant desirable tourism asset. There are eight designated bathing waters in the area, including Longniddry and Gullane Bents, Yellowcraig, North Berwick Bay, North Berwick Milsey Bay, Belhaven Bay and Dunbar East Beach. The East Lothian coastline is also rich in archaeological and built heritage with 38 Scheduled Monuments within 1km of the East Lothian shoreline. It is this rich mosaic of well-managed protected coastline that is desirable and valued by the community and visitors as it offers the experience of the natural environment along with recreational opportunities.

The Local Authority area's strong visitor offer is driven by its beaches, golf courses and coastal towns, key attractions (including the National Museum of Flight and Glenkinchie Distillery), and attractive rural countryside boasting an array of walking and cycling routes as well as fresh produce. It also has a strong energy infrastructure, including several on-shore and off-shore windfarms, Scotland's last remaining active nuclear power station and strong grid connectivity infrastructure. Its largest private sector employers include Charles River (a clinical testing facility), EDF Energy (operators of Torness Power Station) and Tarmac (a cement manufacturer). Queen Margaret University lies within the local authority area, while Edinburgh College's Brunstane campus is located within a mile of East Lothian's boundary with Edinburgh.

Major new developments in the area include the Blindwells housing expansion, the Edinburgh Innovation Park site (including the Edinburgh Innovation Hub), and the regeneration of the former coal fired power station site at Cockenzie.

3 Demographics and Funding

This section examines population trends in East Lothian, including overall growth, the age profile of residents and migration levels.

Key findings

- East Lothian has the second smallest population base of the Edinburgh and South East Scotland City Region (also referred to as Edinburgh City Region, or the City Region), however, it has experienced the highest population growth of all local authorities in Scotland over the past twenty years.
- The population of East Lothian is relatively sparse but has dense pockets across its main settlements such as Musselburgh, Tranent, Prestonpans and Dunbar. These areas have also experienced high levels of population growth.
- Population growth, like the rest of the City Region and Scotland, has been driven by immigration of residents as opposed to births.
- Over the next twenty years, the Council area is expected to experience high rates of growth, greater than the City Region and Scotland. This will be primarily driven by the over 65 population.

Population

East Lothian's population in 2022 was estimated at 112,300[1], which represents a 25% increase in population since the turn of the century. This is significantly more than the 13% average growth rate experienced across the City Region as a whole[2], and the 7% average growth rate across Scotland. As can be seen in Table 1 below, East Lothian has relatively low population density, second only to the Scottish Borders for population sparsity in the City Region, and approximately a third of the average density of the City Region. East Lothian accounts for the second smallest population in the City Region, behind only Midlothian. East Lothian saw relatively high growth since Census 2011 and has seen the greatest increase of any local authority in Scotland since 2001 (24.7%), which was over triple the percentage increase seen in Scotland overall.

[1] National Records of Scotland

[2] This area also includes the City of Edinburgh, West Lothian, Midlothian, Scottish Borders and Fife

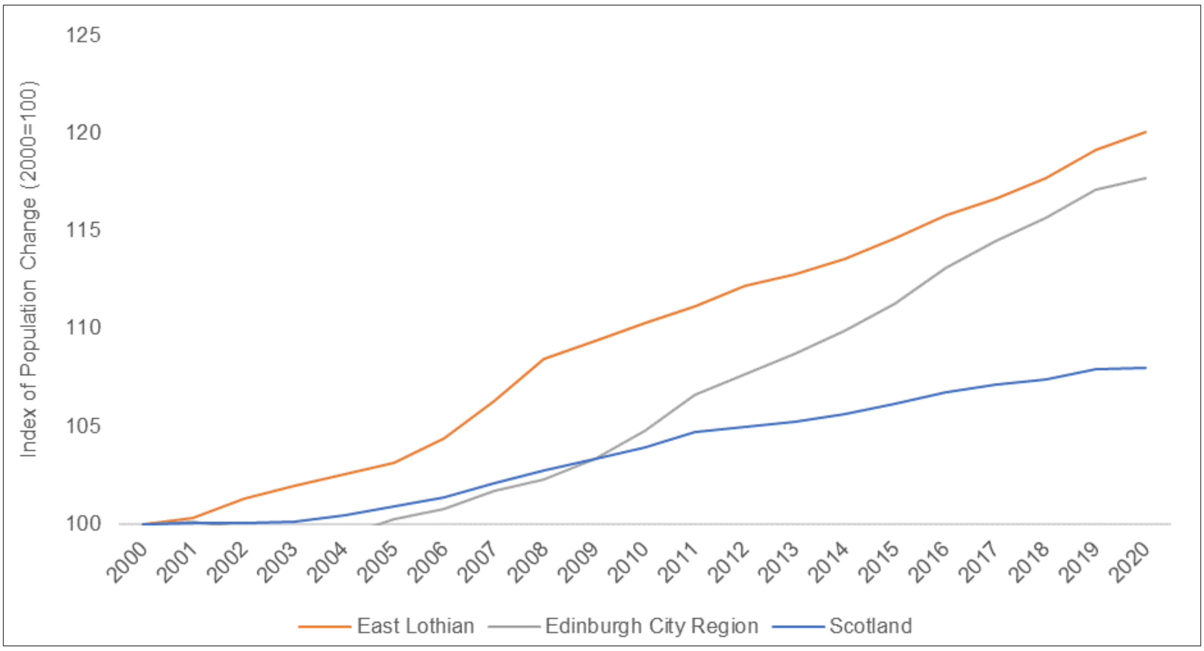
Table 1: Total Population 2022[3]

Area name	Total Population	Population density (per km^2)	% of Scotland	% of Edinburgh City Region	% change 2001 – 2022	% change 2011 - 2022
Scotland	5,436,600	69.80	-	-	7.40	2.67
Edinburgh City Region	1,390,200	518.83	25.57%	-	12.61	2.88
East Lothian	112,300	165.30	2.07%	8.08%	24.66	12.62
Fife	370,400	279.50	6.81%	26.64%	6.00	1.42
Midlothian	96,600	273.10	1.78%	6.95%	19.35	16.12
Scottish Borders	116,900	24.70	2.15%	8.41%	9.49	2.66
West Lothian	181,300	423.90	3.33%	13.04%	14.23	3.53
City of Edinburgh	512,700	1,946.50	9.43%	36.88%	14.28	7.57

Source: Scotland Census, 2022

The trend of above average population growth is forecast to continue, with the National Records of Scotland projecting that East Lothian's population will rise by 14.3% between 2018 and 2043, compared to a growth of 6.3% across the City Region and 2.5% across Scotland as a whole. Population projections are explored further in section 3.3.

Figure 3: Population Change by Area, 2000-2021.



Source: National Records of Scotland, 2023

3.1 Small area population trends

Growth has been particularly concentrated around the fringes of Musselburgh, Tranent, Prestonpans, Haddington, Dunbar and North Berwick. East Lothian's six principal settlements by size are presented below. It shows population growth in 5 out of 6 of the biggest settlements, Musselburgh being the

[3] Scotland Census, 2022

exception, in East Lothian from 2010-2020. It is worth noting that both Gullane and Aberlady recorded strong population growth, at 13.3% and 12.5% respectively, over the same 10-year period.

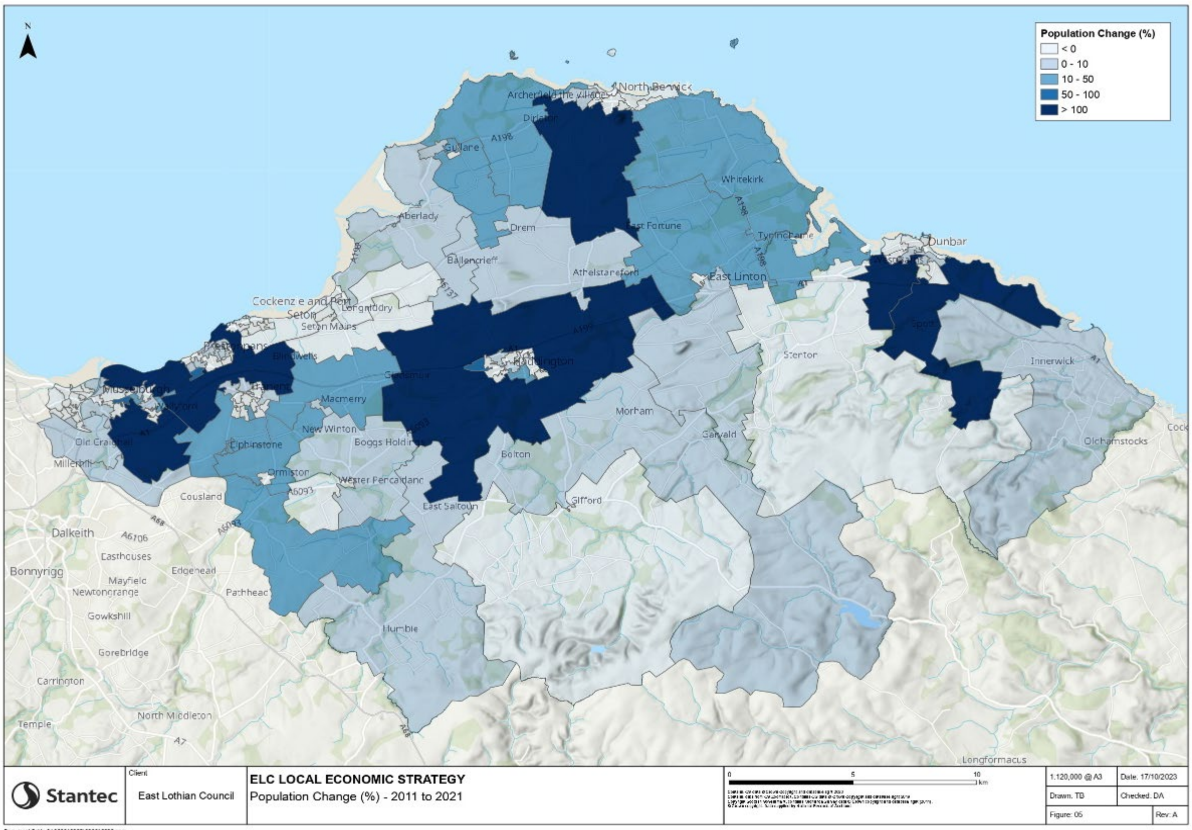
Table 2: East Lothian Population Estimates for East Lothian's Biggest Settlements, 2010-2020

Settlement name	Total Population 2010	Total Population 2020	% of East Lothian Population	% change 2010 - 2020
Musselburgh	22,640	21,100	22.5%	-6.8%
Tranent	10,590	11,910	12.7%	12.5%
Prestonpans	8,500	10,460	11.1%	23.1%
Haddington	8,810	10,360	11.0%	17.6%
Dunbar	8,020	10,270	10.9%	28.1%
North Berwick	6,640	7,840	8.4%	18.1%

Source: National Records of Scotland

There is a large disparity in population change across East Lothian's 132 Scottish Data Zones (2011 boundaries[4]). Figure 4 below illustrates population change from 2011-2021 based on Scottish Census data. Across East Lothian, there are pockets of strong growth spread between much weaker areas of population growth.

Figure 4: Change in Population by Scottish Data Zones in East Lothian, 2011-2021



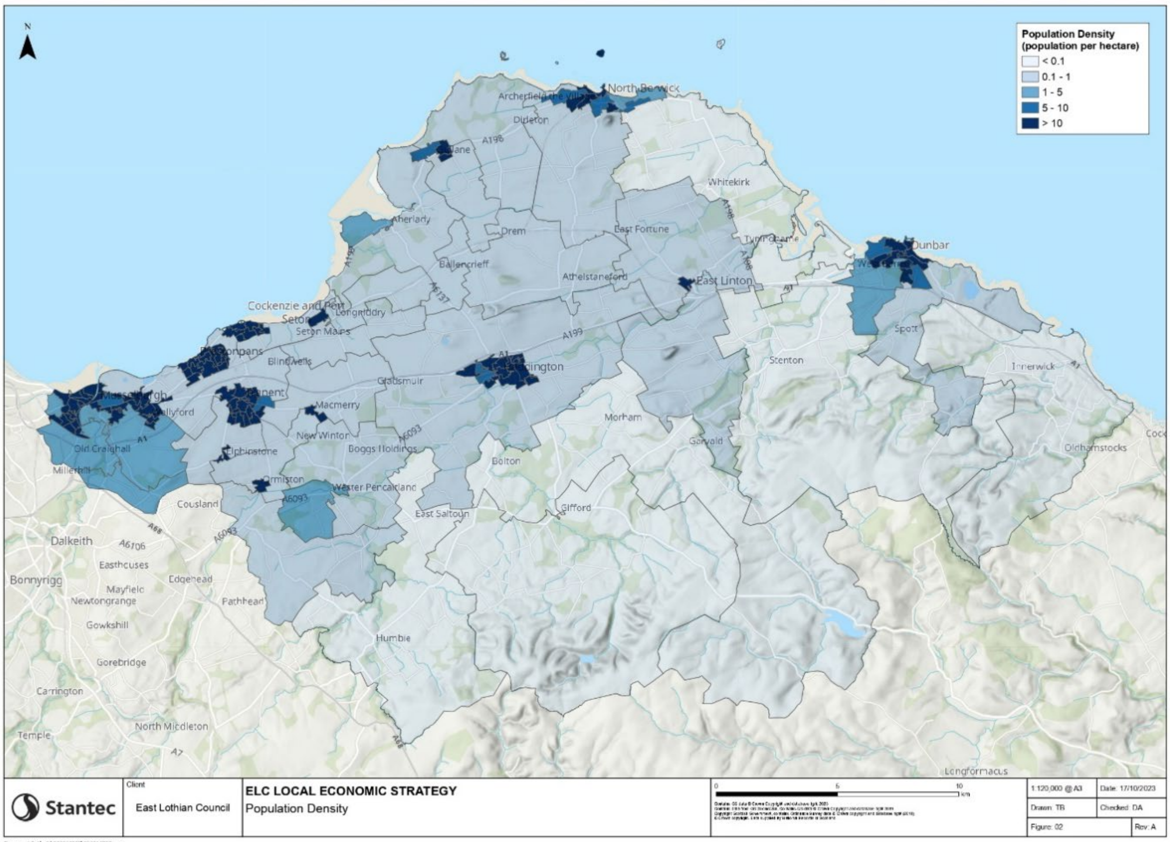
Source: Scottish Census, 2023

[4] Scottish Data Zones are small geographical areas used by Scottish Data Zones that have a population of between 500 and 1,000 household residents.

Small area population density and change

Figure 5 below, shows a detailed breakdown of population density by data zone in East Lothian. It shows that most of East Lothian's population is clustered around the northwest of the local authority area and around Dunbar.

Figure 5: Population Density by Scottish Data Zones in East Lothian, 2022



Source: Scottish Census, 2023

3.2 Migration

Components of population change

Population change is influenced either by natural change, i.e., births and deaths; or by immigration and emigration, the sum of which is referred to as net migration. Table 3 provides a breakdown of these components for East Lothian. Net immigration is the main contributor to population growth in East Lothian, the City Region and across Scotland. Natural change also provides a modest contribution to population growth in East Lothian and City Region whereas deaths exceed births across Scotland over the past decade.

Table 3: Components of Population Change 2009-2019

	Absolute numbers			% of total population change		
	East Lothian	Edinburgh City Region	Scotland	East Lothian	Edinburgh City Region	Scotland
Natural Change 2009/19	166	15,728	-3,350	1.8	13.1	-1.3
Net migration 2009/19	8,910	104,264	255,653	98.2	86.9	101.3
Total	9,076	119,992	252,303	-	-	-

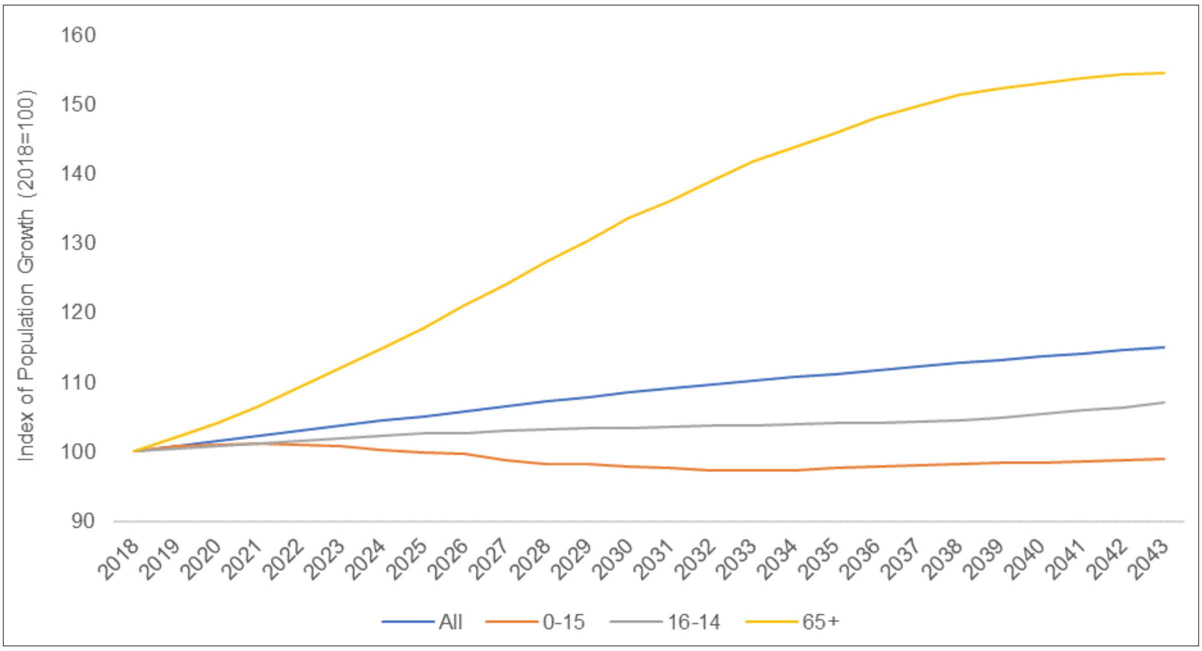
Source: Statistics Scottish Government, 2023

3.3 Population projections

Sub-national population projections (available at council level and above only) for Scotland provide estimates of the future resident population based on the assumption that recent demographic trends continue, i.e., migration trends, and birth / death rates. They are not forecasts as they do not attempt to predict the impact of national, regional, or local government policy, changing economic circumstances, or other factors that might impact on demographic behaviour.

Figure 6 shows a breakdown of projected population growth by broad age group for East Lothian between 2018 and 2043. Overall, the population is projected to grow by 15.1%, which significantly outpaces Scotland (2.5%), and outperforms population growth for the City Region and Great Britain by approximately 6 percentage points each. This estimate exceeds the projection from the National Registrars of Scotland by 0.8 percentage points.

Figure 6: Population Projections in East Lothian by Age Group, 2018-2043



Source: Statistics Scottish Government, 2023

Table 4 presents the forecast growth in population by age group. This data shows that the 65+ age group is anticipated to grow most consistently across all geographies, increasing by almost 2% in East Lothian, compared to over 7% across Great Britain. In East Lothian the populations in the 0-15 age bracket and those aged between 20-29 are predicted to decrease in pursuit of educational and employment opportunities but the overall working age population will still grow, which is positive compared to the overall Scottish working age population which is projected to shrink.

Census data for 2022 indicates that the actual population level had exceeded the projected estimate by 2,328 residents. Continued high levels population growth which exceed estimates, whilst indicative of a strong economy, and an area where people wish to live, could have significant implications for issues such a housing infrastructure and public service provision.

Table 4: Population Projections by Age, CAGR, 2018-2043

Age Group	Scotland	Great Britain	Edinburgh City Region	East Lothian
All	0.10%	0.35%	0.35%	0.56%
0-15	-0.44%	-0.08%	-0.25%	-0.04%
16-64	-0.15%	0.10%	0.14%	0.27%
65+	1.22%	7.39%	1.46%	1.76%
Five-year age bands				
15-19	-0.21%	0.25%	0.07%	0.42%
20-24	-0.59%	-0.04%	-0.42%	-0.19%
25-29	-0.55%	0.02%	-0.40%	-0.13%
30-34	-0.02%	0.23%	0.22%	0.48%
35-39	-0.02%	0.01%	0.24%	0.44%
40-44	0.26%	0.13%	0.49%	0.51%
45-49	-0.02%	-0.08%	0.34%	0.36%
50-54	-0.11%	-0.07%	0.36%	0.38%
55-59	-0.26%	0.12%	0.14%	0.04%
60-64	0.00%	0.58%	0.38%	0.40%

Source: ONS Population Projections, 2018

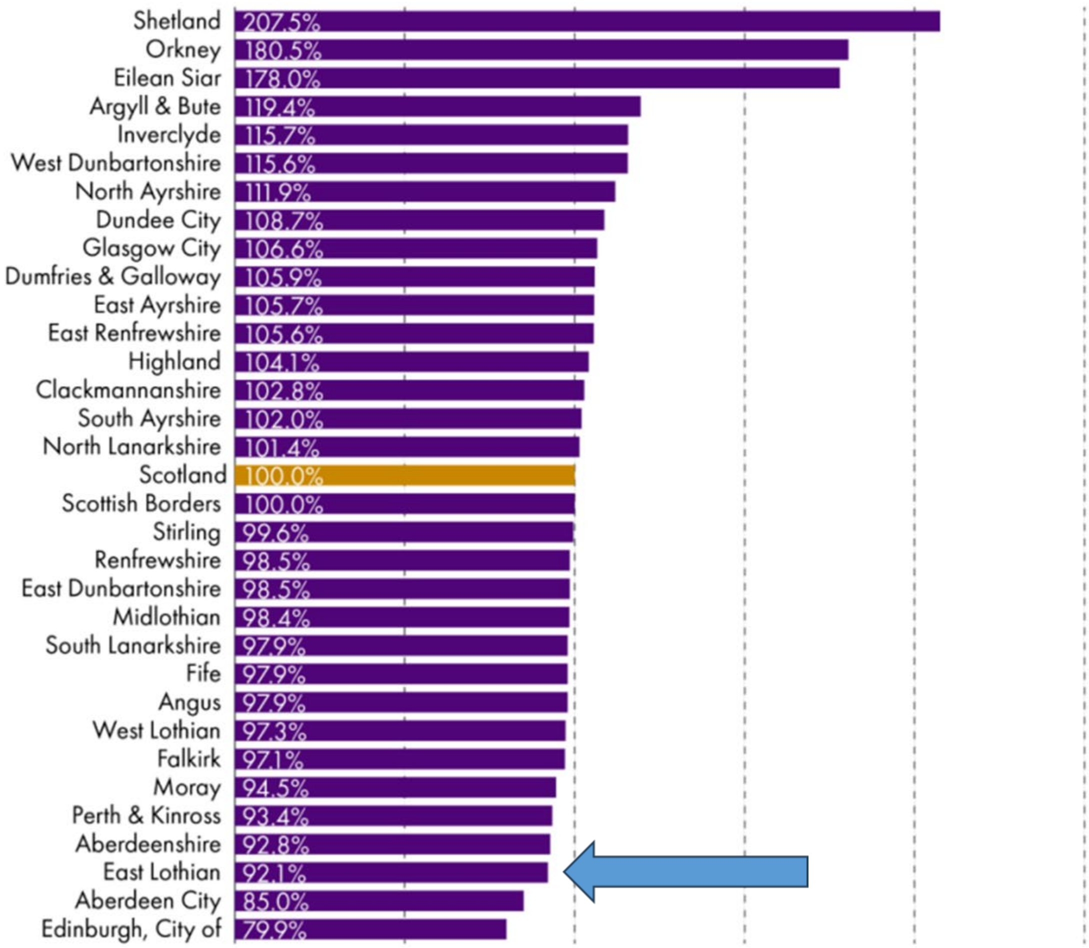
3.4 Funding

East Lothian's rising and ageing population is placing substantial pressure on the delivery of a range of services. Couples to this, local authority funding has not kept pace with the cost-of-service delivery or population growth. This growing and ageing population, coupled with a distributional government funding shortfall, is expected to put an even greater demand on all services in the future.

Many of the Scottish Government's funding formulas are based on historic population data. As East Lothian experiences an above average rate of population growth, its share of total funds are diluted.

East Lothian has the third lowest per-head of population revenue allocation as a percentage of the Scottish average (92.1%) and is the lowest funded non-city authority in Scotland (or 29 of 32 local authority areas in Scotland receive more funding per head of population than East Lothian). Figure 7 shows the distribution proposed within the 2024-25 budget.

Figure 7: Revenue allocation per head as a % of the Scottish average



Source: Local Government Finance: Budget 2024-25 and provisional allocation to local authorities - SPICe

4 Economy, Employment, and Business

This section of the baseline provides an overview of East Lothian's economy. It presents data assessing the employment and business base to understand the underlying economic structure and performance of the economy.

Key findings

- Employment growth outpaced Scotland and Great Britain between 2019 and 2021 and was broadly consistent with the average for the City Region, which points to the economic resilience of the area during the pandemic.
- Private sector employment accounts for a smaller proportion of total employment compared to Scotland and the City Region.
- Retail trade and education sectors each account for 10% of total employment. The finding for retail trade is consistent with averages for the City Region and Scotland, however, the proportion of employment in education exceeds the average for Scotland by 1.7 percentage points. The tourism sector is also key employer, accounting for 15% of total employment.
- Much like the rest of Scotland, business stock has decreased during the pandemic and is yet to see a recovery. However, business starts have recovered, leading to the conclusion that this observation is driven by business closures. East Lothian has fewer medium and large businesses (1.6%) than Great Britain (1.9%), Scotland (2.0%) and City Region (2.2%) averages. These figures are likely an underestimate as the sourced IDBR data omits businesses that are too small to pay VAT or PAYE taxes.
- Location Quotient (LQ) analysis illustrates the specialisation of agriculture and quarrying and utilities.
- Productivity has grown by 23% between 2011 to 2021, consistent with the average for Great Britain and 14 percentage points greater than the average for Scotland. The most productive sectors (per worker) in East Lothian were Manufacturing and Professional, Scientific & Technical services, consistent with Scotland as a whole. However, productivity per worker in the East Lothian Information and Communication sector in was notably lower than the respective value for Scotland.
- Overall, the sectors contributing the most to regional GVA were public administration, education & health, real estate activities and distribution, transport, accommodation & food services.

4.1 Employment

Total employment

A total of 35,000 people were employed in East Lothian based businesses in 2021, representing 1.3% of total Scottish employment and 5.0% of the wider City Region. Employment concentration, as measured by employment per hectare of land, is greater for East Lothian than it is for Scotland as a whole. The growth in employment in East Lothian since 2011 exceeded the growth seen in the City Region, Scotland and Great Britain.

Table 5: Total Employment, 2022

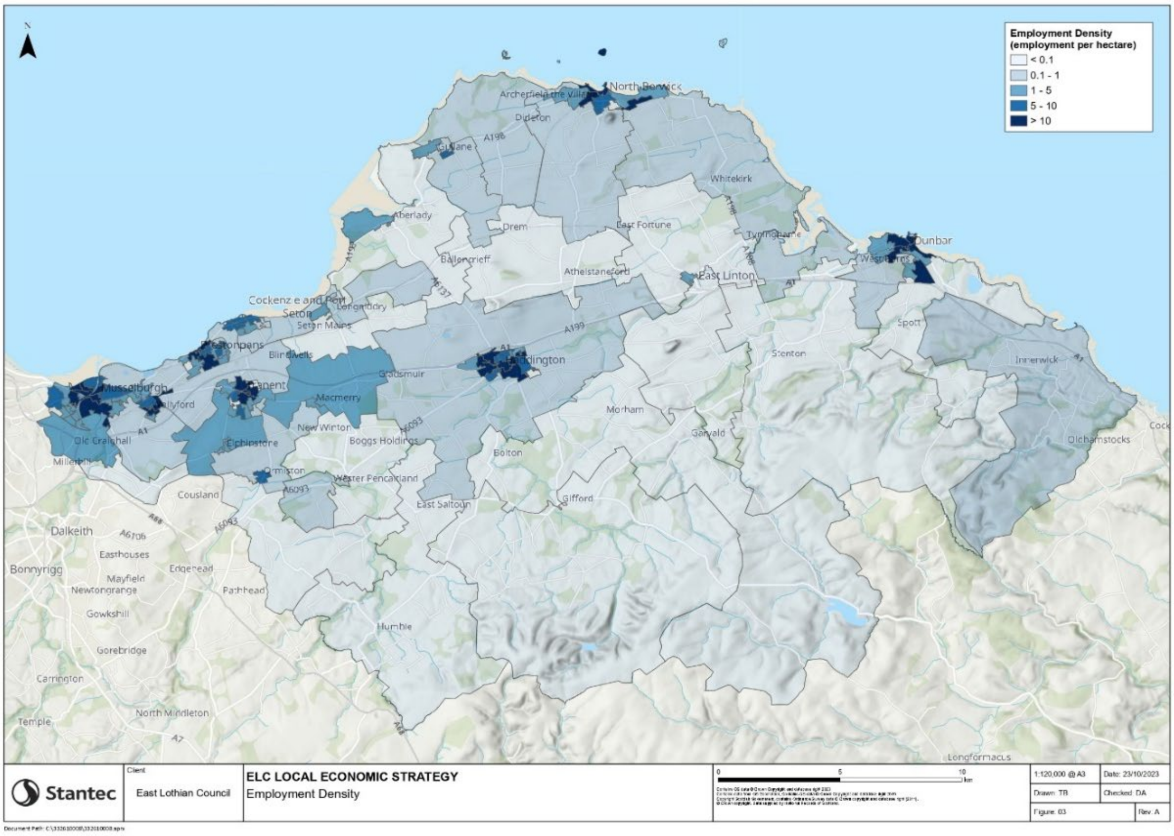
	East Lothian	Edinburgh City Region	Scotland	Great Britain
Employment	35,000	698,000	2,618,000	31,284,000
Proportion of Scottish employment	1.34%	26.66%	-	-
Employment concentration (per hectare)	0.52	2.29	0.33	1.36
Employment change 2011-2022	30.77%	11.55%	7.36%	16.43%

Source: ONS BRES, 2023. Data relates to people employed in each area. Shading denotes a higher employment density than the Great Britain average.
**Note: data between 2011-2015 is taken from BRES (excluding units registered for PAYE only).*

Concentration of employment

Employment is concentrated in the more densely populated areas in Musselburgh, Prestonpans, Tranent, Haddington, North Berwick, and Dunbar. These areas share a strong historical significance to East Lothian, Musselburgh as a major town and the gateway to Edinburgh, and Prestonpans with its mining legacy. Haddington is home to East Lothian Council's Headquarters John Muir House.

Figure 8: Concentration of Employment by Scottish Data Zones in East Lothian, 2021



Source: ONS BRES, 2023

Employment growth (2019-2021)

Table 6 shows employment growth between 2019 and 2021 for East Lothian and the wider geographies. The COVID-19 pandemic had a negative effect on employment growth across the UK, as seen by the low employment growth for Scotland and Great Britain. Compared to the national economy, the City Region performed relatively well, with over 2% employment growth over the three-year period. East Lothian performed considerably well in this period, largely due to population growth, achieving over 6% employment growth; indicating a strong and resilient local economy.

Table 6: Employment Growth, 2019-2021

	East Lothian	Edinburgh City Region	Scotland	Great Britain
Total employment – 2019	33,000	679,000	2,600,000	31,080,000
Total employment – 2021	35,000	698,000	2,618,000	31,284,000
Percentage change	6.06	2.8	0.69	0.66

Source: ONS BRES, 2023. Shading denotes a higher percentage change than the Great Britain average

4.2 Business base by sector

Employment by sector

Figure 9 below illustrates how the sectoral composition of East Lothian's workforce differs from that of the City Region, Scotland, and Great Britain. Data has been compiled by the 18 Broad Industry Groups and has been condensed further into 8 overarching sectoral groupings. Sectoral groupings are presented in Figure 9 and more granular analysis of individual sectors is provided below.

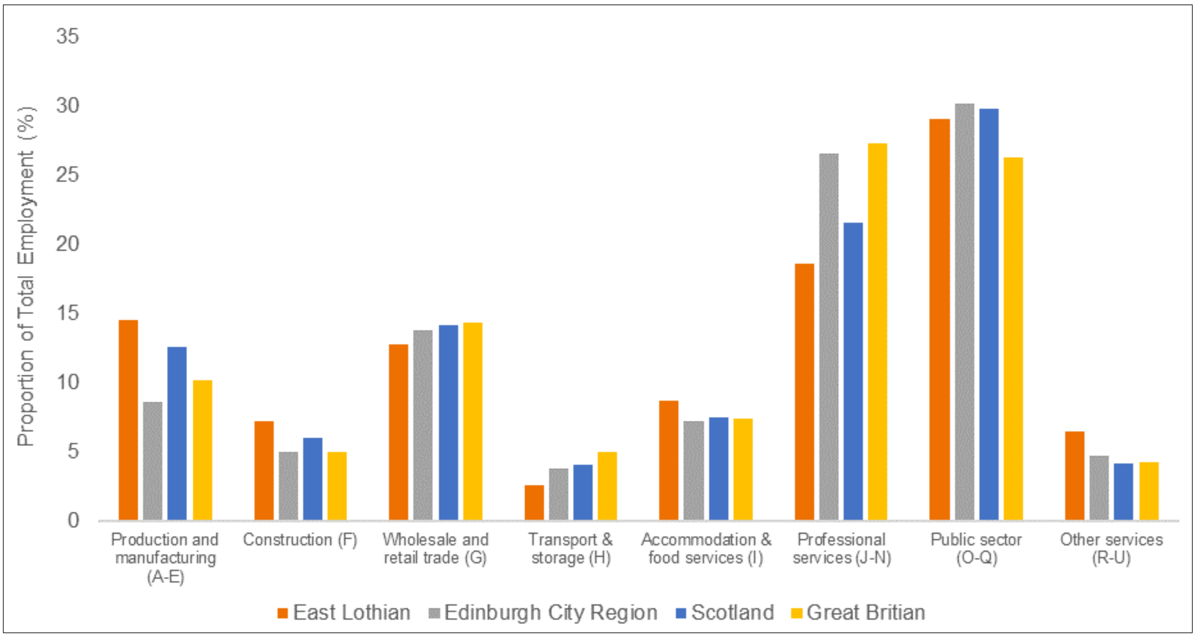
The important role that tourism currently plays in the local economy is evident, with 15% of the workforce employed in the accommodation, hospitality and leisure sector[5], compared to 12% across Scotland as a whole. BRES data also shows the importance of primary industries[6] to the local economy with 8% of the local workforce employed in this sector, compared to 6% across Scotland as a whole. However, the figures also show that the private services sector[7] accounts for only 19.4% of jobs in East Lothian, compared to 22% of jobs across Scotland. This is in sharp contrast to the neighbouring City of Edinburgh, where this sector accounts for 35.3% of all jobs. A further example of such a sector is manufacturing which currently accounts for 6.1% of jobs in East Lothian, compared to a Scottish average of 7.0%. To put this into perspective, private services and manufacturing employment in East Lothian would need to grow by 7,759 and 2,412 employees respectively to bring them into line with the Scotland averages.

[5] Defined as including ONS Broad Industry Groups 9 (accommodation and food services) and 18 (arts, entertainment, recreation and other services)

[6] Defined as including ONS Broad Industry Groups 1 (agriculture, forestry and fishing), and 2 (mining, quarrying and utilities).

[7] Defined as including ONS Broad Industry Groups 10-14, (information and communications, finance and insurance; property; professional, scientific and technical services, and business administration and support services)

Figure 9: Employment by Sectoral Grouping



Source: ONS BRES, 2023

Location quotient (LQ)

The location quotient presents the sectors that are over or underrepresented in East Lothian compared to the whole of the economy. In general, a location quotient of 1 means the East Lothian economy resembles the structure of the national economy. A location quotient of 1.2 or higher indicates industry specialisation within the local economy.

Table 7 shows a breakdown of employment by Broad Industry Group and the percentage of total employment these sectors make up. The LQ below compares the sector make up in East Lothian relative to Scotland.

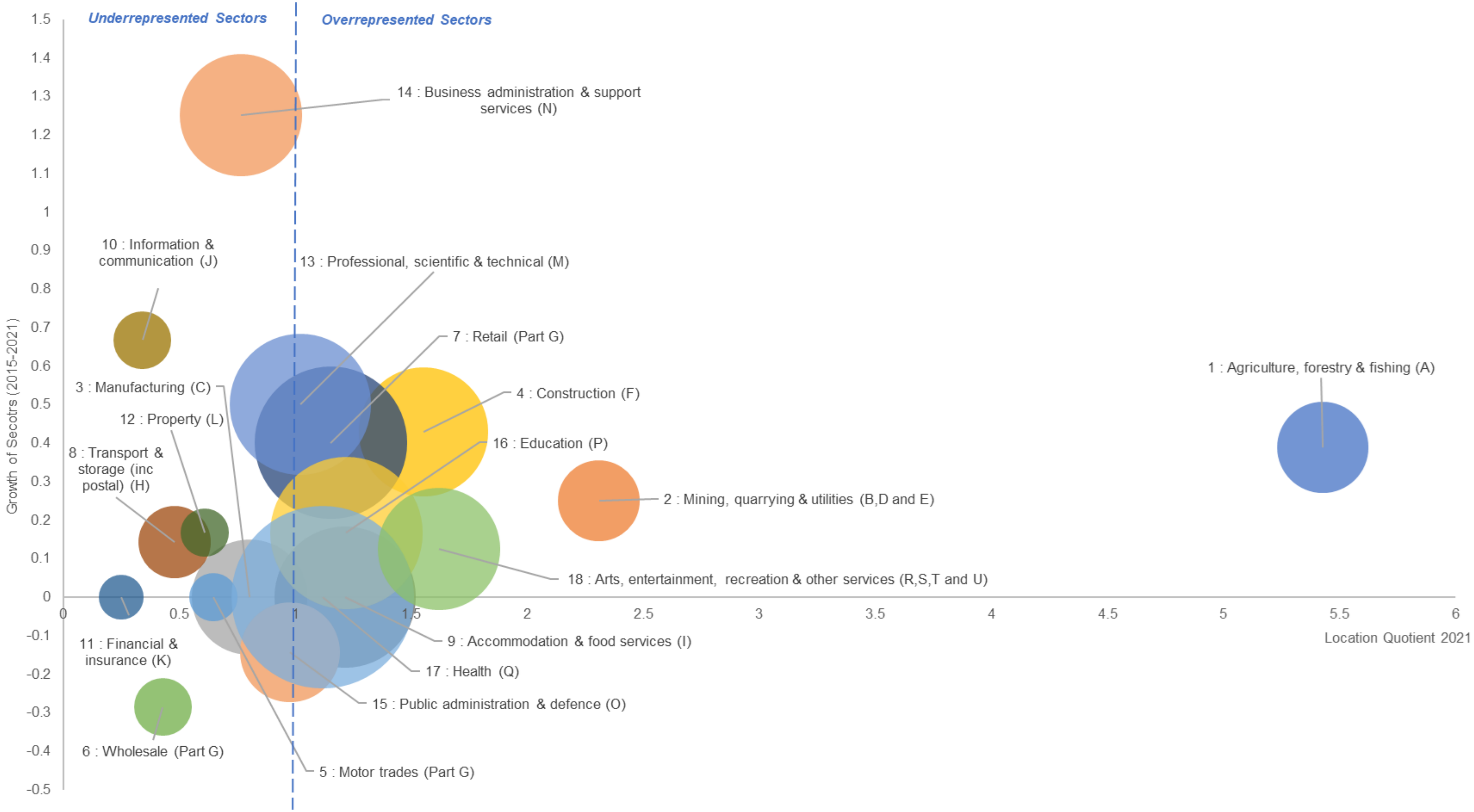
Table 7: East Lothian Employment Across All Sectors and Location Quotient in relation to Scotland, 2023

	East Lothian			Scotland	
Industry	Employment	% of total	LQ	Employment	% of total
1: Agriculture, forestry and fishing (A)	1,750	5.0	1.47	89,000	3.4
2: Mining, quarrying and utilities (B, D and E)	1,000	2.9	1.21	62,000	2.4
3: Manufacturing I	2,250	6.4	0.94	179,000	6.8
4: Construction (F)	2,500	7.1	1.18	158,000	6.0
5: Motor trades (Part G)	400	1.1	0.65	44,000	1.7
6: Wholesale (Part G)	500	1.4	0.56	66,000	2.5
7: Retail (Part G)	3,500	10.0	1.00	261,000	10.0
8: Transport and storage (inc postal) (H)	900	2.6	0.63	107,000	4.1
9: Accommodation and food services (I)	3,000	8.6	1.15	196,000	7.5
10: Information and communication (J)	500	1.4	0.47	78,000	3.0
11: Financial and insurance (K)	300	0.9	0.31	77,000	2.9
12: Property (L)	350	1.0	0.67	40,000	1.5
13: Professional, scientific and technical (M)	3,000	8.6	1.34	167,000	6.4
14: Business administration and support services (N)	2,250	6.4	0.83	202,000	7.7
15: Public administration and defence (O)	1,500	4.3	0.68	164,000	6.3
16: Education (P)	3,500	10.0	1.20	217,000	8.3
17: Health (Q)	5,000	14.3	0.93	400,000	15.3
18: Arts, entertainment, recreation and other services (R, S, T and U)	2,250	6.4	1.52	110,000	4.2

Source: ONS BRES, 2023

Figure 10 presents the LQ and growth by sector for East Lothian between 2015 and 2021 relative to Great Britain.

Figure 10: East Lothian Location Quotient (LQ) in relation to Great Britain and Growth by Sector, 2015-2021.



Source: ONS BRES, 2023

From the above analysis in Table 7 and Figure 10, the following trends have been observed in the East Lothian economy:

- Agriculture, fishing and forestry is the most specialised sector within the local economy, with an LQ of 5.4 and 1.5 in relation to the Great British and Scottish economy respectively. This sector has grown substantially by approximately 38.9% since 2015.
- In relation to the Scottish economy, East Lothian was most specialised in arts, entertainment, recreation and other services (1.5 LQ), and has experienced low levels of growth (12.5%).
- Business administration and support service is on the cusp of being adequately represented in relation to the Great British economy. It has also seen a considerable amount of growth between 2015 and 2021, with employee figures growing by more than double (125.0%).
- Information & communication and professional, scientific, & technical are underrepresented in relation to the Great British and Scottish economy. Although it is relatively underrepresented, this sector has seen a growth in employee count by 66.7% between 2015 and 2021.

Detailed sectoral analysis

Examining the employment base in East Lothian in more detail, using the 2-digit SIC (Standard Industrial Classification) codes, shows the dominant sub-sectors in the area compared to the wider City Region, Scotland, and Great Britain. Once again, LQ figures over the value of 1 indicate a sector where the East Lothian economy is specialised.

Table 8 confirms the importance of retail trade and food & beverage activities as part of hospitality and leisure to the East Lothian economy. Based on the location quotients, many of the sub-sectors in the top 20 are specialisations of East Lothian compared to the rest of the country, with an LQ of over 1. Scientific research & development, electricity, gas, steam & air conditioning supply, crop & animal production, and hunting & related service activities are the primary specialisations of the council area.

Despite the public sector being the biggest employer within East Lothian (29% of total employment), the sector was underrepresented relative to the City Region and Scotland. Despite this, education accounted for a greater proportion of total employment than the City Region, Scotland and Great Britain.

Table 8: Top 20 2 Digit SIC codes, as % of Total Employment, 2021

	Proportion of total employment				LQ
Sub-Sector	**East Lothian**	**Edinburgh City Region**	**Scotland**	**Great Britain**	**East Lothian**
47: Retail trade, except of motor vehicles and motorcycles	10.0	9.8	10.0	9.2	1.09
85: Education	10.0	9.3	8.3	8.5	1.18
56: Food and beverage service activities	6.4	5.7	5.8	6.2	1.03
88: Social work activities without accommodation	5.7	4.2	4.1	2.8	2.04
86: Human health activities	5.0	8.1	8.8	8.3	0.60
01: Crop and animal production, hunting and related service activities	4.3	1.6	2.9	1.4	3.07
43: Specialised construction activities	4.3	3.2	3.6	2.7	1.59
81: Services to buildings and landscape activities	4.3	3.9	3.1	2.4	1.79
84: Public administration and defence; compulsory social security	4.3	6.4	6.3	4.5	0.96
87: Residential care activities	4.3	2.3	2.4	2.3	1.87
93: Sports activities and amusement and recreation activities	3.6	1.5	1.5	1.5	2.40
41: Construction of buildings	2.9	1.5	1.8	1.6	1.81
72: Scientific research and development	2.9	0.7	0.5	0.5	5.80
55: Accommodation	2.3	1.4	1.7	1.2	1.92
71: Architectural and engineering activities; technical testing and analysis	2.0	1.7	2.2	1.7	1.18
35: Electricity, gas, steam and air conditioning supply	1.8	0.5	0.7	0.4	4.50
49: Land transport and transport via pipelines	1.7	1.5	1.7	1.9	0.89
46: Wholesale trade, except of motor vehicles and motorcycles	1.4	2.4	2.5	3.5	0.40
82: Office administrative, office support and other business support activities	1.4	1.3	1.7	1.7	0.82
10: Manufacture of food products	1.3	0.9	1.4	1.2	1.08

Source: ONS BRES, 2023. Shaded cells represent sectors that are higher than the Greater Britain average.

Table 9 shows a further breakdown of the industries that are most overrepresented in East Lothian based on results from the LQ analysis above. The most overrepresented industries in Figure 10 are broken down into sectors and the most dominant sub-sector within them.

The agriculture sector is the most overrepresented sector in East Lothian, the LQ of 5.0 is heavily inflated by the crop and animal production, hunting and related service activities sub-sectors which make up 85% of the employment in the sector and 5% of total employment. Mining, quarrying and utilities is heavily influenced by the power station located within the council area resulting in electricity, gas, steam and air conditioning supply contributing to a large proportion of employment. Within the arts, entertainment & recreation sector, sports activities and amusement & recreation activities result in 55% of the overrepresentation of the industries.

The care sector is also important to the East Lothian economy, both as an important employer (with a location quotient of 1.87), and as an enabler of growth which enables people with caring responsibilities to enter the labour market.

Table 9: Highest LQ Sectors in East Lothian and Largest Sub-sectors within them, 2021.

Industry	East Lothian (2021)	
	Employment	Industry %
A: Agriculture, forestry and fishing	1,750	5.0
- 01: Crop and animal production, hunting and related service activities	1,500	4.3
B: Mining and quarrying	20	0.1
- 08: Other mining and quarrying	20	0.1
D: Electricity, gas, steam and air conditioning supply	600	1.8
- 35: Electricity, gas, steam and air conditioning supply	600	1.8
E: Water supply; sewerage, waste management and remediation activities	350	1.0
- 38: Waste collection, treatment and disposal activities; materials recovery	300	0.9
R: Arts, entertainment and recreation	1,750	5.0
- 93: Sports activities and amusement & recreation activities	1,250	3.6
S: Other service activities	600	1.7
- 96: Other personal service activities	350	1.0

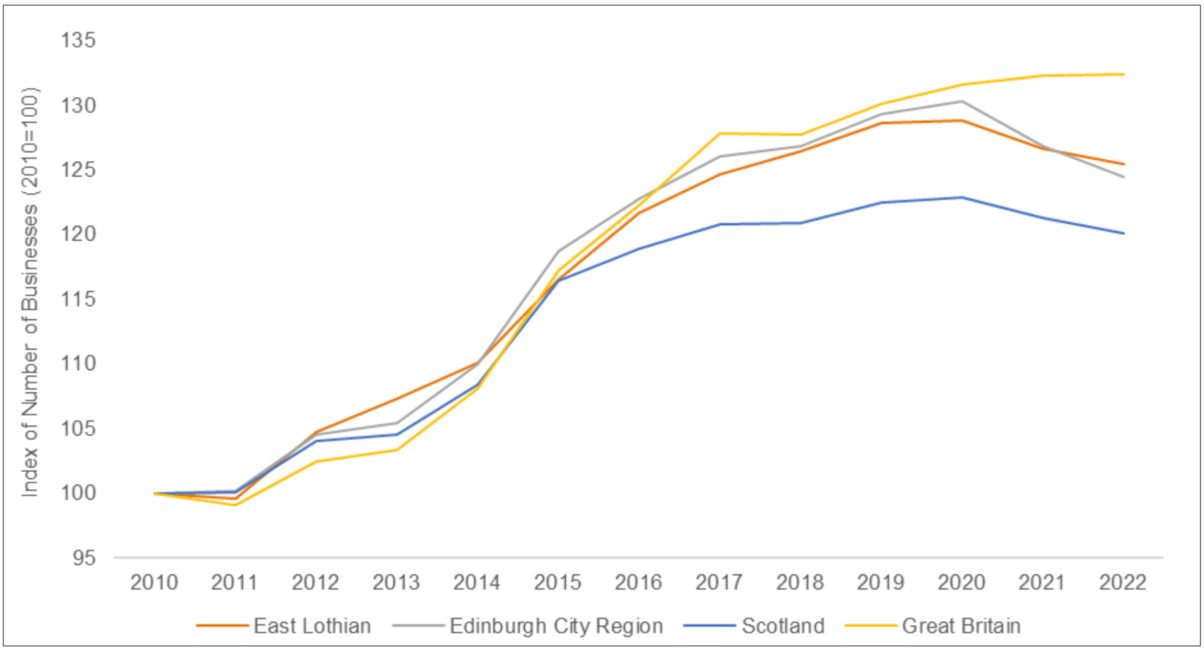
Source: ONS BRES, 2023

4.3 East Lothian's business base

Trends in business demography

Between 2010 and 2022 the business stock growth for East Lothian has outperformed Scotland and the City Region. However, growth has been poor compared to the average for Great Britain. There has been a noticeable drop in business stock levels for East Lothian, mirroring Scotland and the City Region since the COVID-19 pandemic. The findings indicate that business owners were hit particularly hard by the social and economic impact of the outbreak and the economy is yet to see a full recovery in Scotland.

Figure 7: Business Stock, 2010-2022 (2010=100)



Source: ONS Inter Departmental Business Register, 2023

Business size

East Lothian's business stock, like the rest of the country, is made up of almost entirely micro and small businesses, with 98.4% of all businesses in the local authority area employing less than 49 people. This is slighly higher than the proportions in the City Region, Scottish and British economies, all of which have a slightly higher proportion of companies employing over 250 people.

Table 10: Number of Enterprises by Business Size.

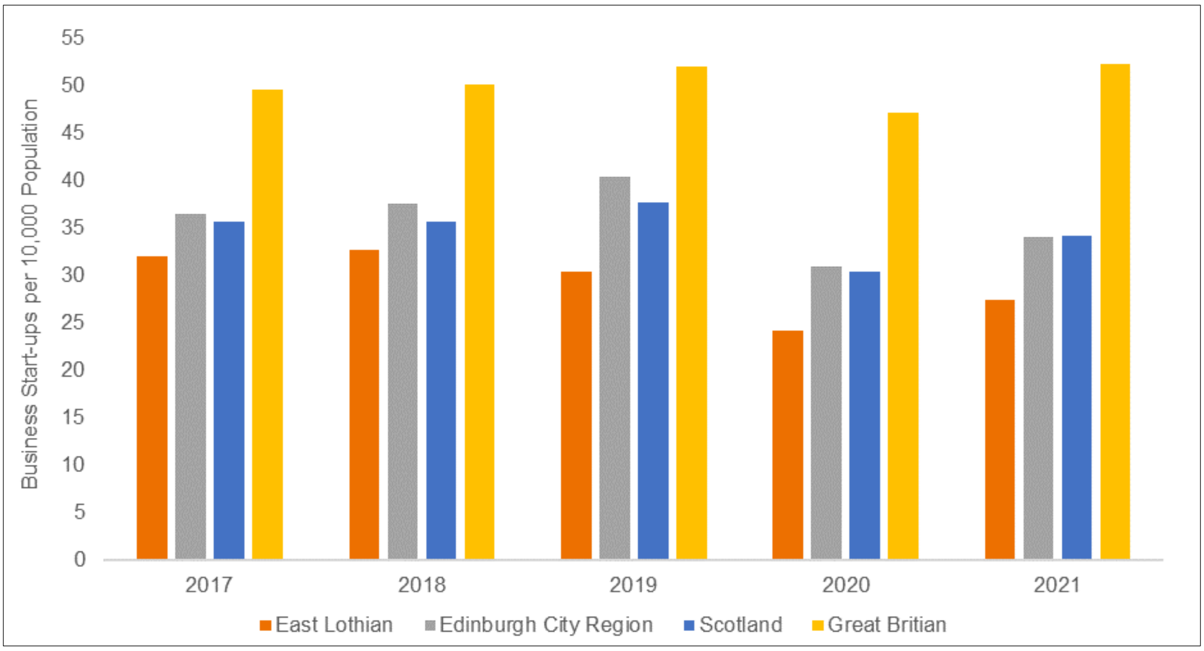
	East Lothian		Edinburgh City Region		Scotland		Great Britain	
Business Size	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Micro (0 to 9)	2,760	87.5	37,345	87.5	152,470	87.8	2,406,400	89.5
Small (10 to 49)	345	10.9	4,445	10.4	17,775	10.2	232,325	8.6
Medium (50 - 249)	40	1.3	710	1.7	2,730	1.6	40,685	1.5
Large (250+)	10	0.3	190	0.5	675	0.4	10,340	0.4
Total	3,155	-	42,690	-	173,650	-	2,689,750	-

Source: ONS Inter Departmental Business Register, 2023

Business starts and survival

Starting up and growing firms is crucial for a strong economy. Figure 12 shows that, based on VAT trader and PAYE employer information, East Lothian performs poorly in this area. The rate of business births per 10,000 people is low compared to the other areas examined. Business start-up per 10,000 population in East Lothian also shows a differing trend to the City Region and British economy where start-up rates increased between 2017 and 2019 whereas they fell slightly in East Lothian. The rate of startups has increased between 2020 and 2021 and is yet to recover to 2018 levels. This has been experienced in the other study areas in 2020; an expected observation given the COVID-19 pandemic and associated economic outlook of that period.

Figure 82: Business Startups per 10,000 population, 2017 – 2021

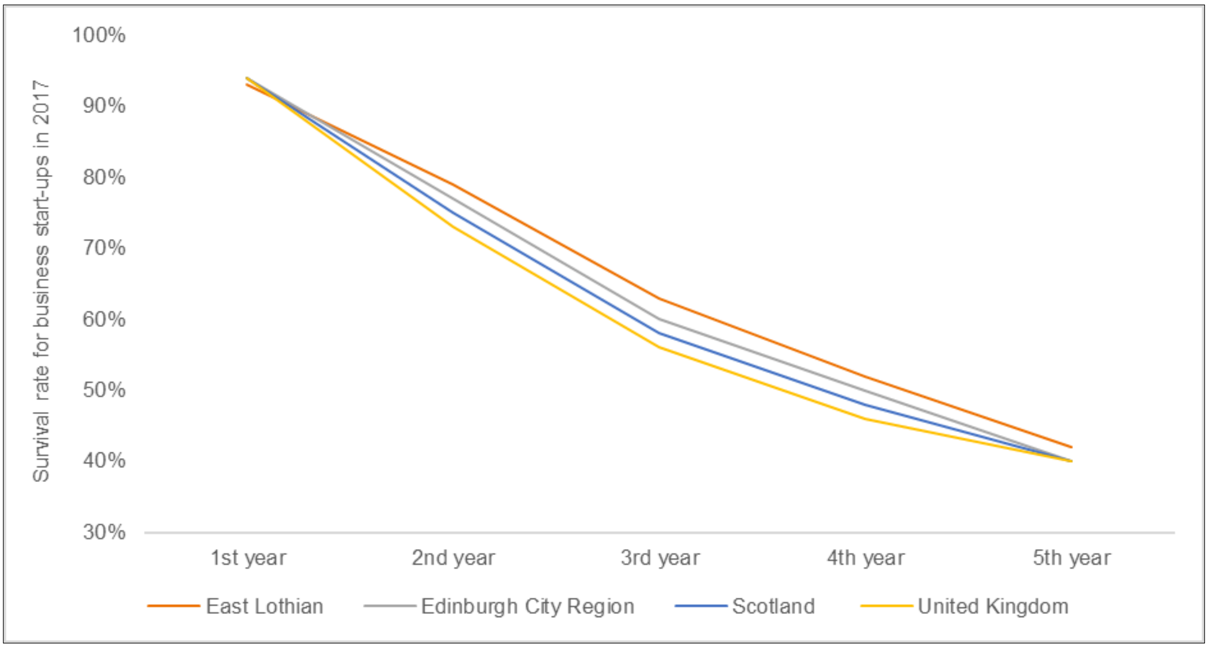


Source: ONS, 2023

Although there are relatively fewer startups per 10,000 population in East Lothian, the region does have higher survival rates of startup businesses than both the Scotland and UK averages over 5 years.

Figure 13 below shows that East Lothian startup businesses have a higher survival rate (from year 2 to year 5) than both the Scotland and UK averages. However, the survival percentage across all 3 spatial extents seems to tend toward 40% by year 5.

Figure 93: Business Startup Survival Rate over 5 years – 2017-2022



Source: Business Demography, 2022.

These findings are in alignment with the figures held by the Council's Business Gateway team. Unlike ONS Business Demography, the Council's Business Gateway data accounts for all business, including those not officially registered at HMRC for VAT or PAYE. The Council has an ambitious annual target to support 200 startups. As shown in Table 11 below, with the exception of the years affected by COVID-19, the number of startups has been at, or close to target. A strong post-COVID trend is emerging with the number of 2022/23 start-ups already exceeded in the 2023/24 mid-year reporting. A high annual survival rate is also reported amongst East Lothian business startups.

Table 11: Business Gateway Startups 2014/15 – 2023/24

	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24 YTD
Business Startups	150	200	220	210	180	166	72	75	145	150
Survival Rate	80%	68%	74%	83%	Not reported	Not reported	Not reported	Not reported	79%	TBC

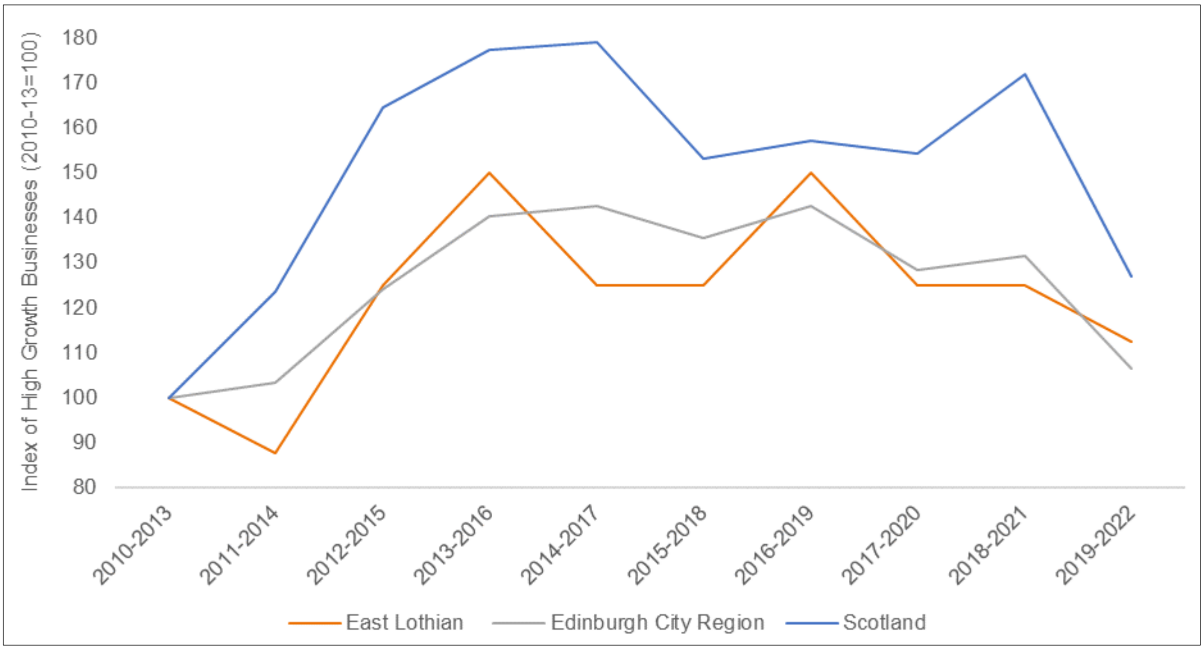
Source: ELC Business Gateway

High growth businesses by sector

Figure 14 shows the change in the number of high growth businesses[8] over a rolling three-year period. It presents the changes in high growth businesses between 2010 to 2022, using an index where 2010-13 = 100. The chart shows that levels of high growth businesses have been consistently below the indexed rate in Scotland whilst regularly moving from being above and below City Region performance between 2010 to 2022.

The level of high growth businesses has been above 2010-13 levels at all points apart from 2011-14. Levels of high growth businesses in East Lothian have declined since 2016-19, a pattern that is reflected across the City Region and Scotland.

Figure 14: Changes in High Growth Business Numbers, 2010 - 2022



[8] High growth businesses are defined as a business with 10+ employees in the base year (x-3) exhibiting an average of 20% growth over three years in terms of turnover. An average annualised growth of 20% per annum over three years would be equal to 72.8% growth from year x-3 to year x.

Source: Scottish Government, 2023

4.4 Productivity

Gross Value Added (GVA) is used to measure sub-regional economic output by calculating the value of output (i.e., sales, turnover) minus the cost of bought in goods and services used in the production of that output (intermediate consumption).

Gross Value Added

Table 12 shows GVA per worker totals as reported in the Scottish Annual Business Statistics. GVA per head in East Lothian stood at £38,405 in 2021. Overall GVA per worker for East Lothian was approximately £5,600 and £14,830 lower than the City Region and Scotland respectively. However, over the past decade there has been a significant growth in GVA per worker both in East Lothian and the City Region. Productivity in East Lothian has risen by 13% since 2011, which is significantly above growth levels recorded in Scotland (5%).

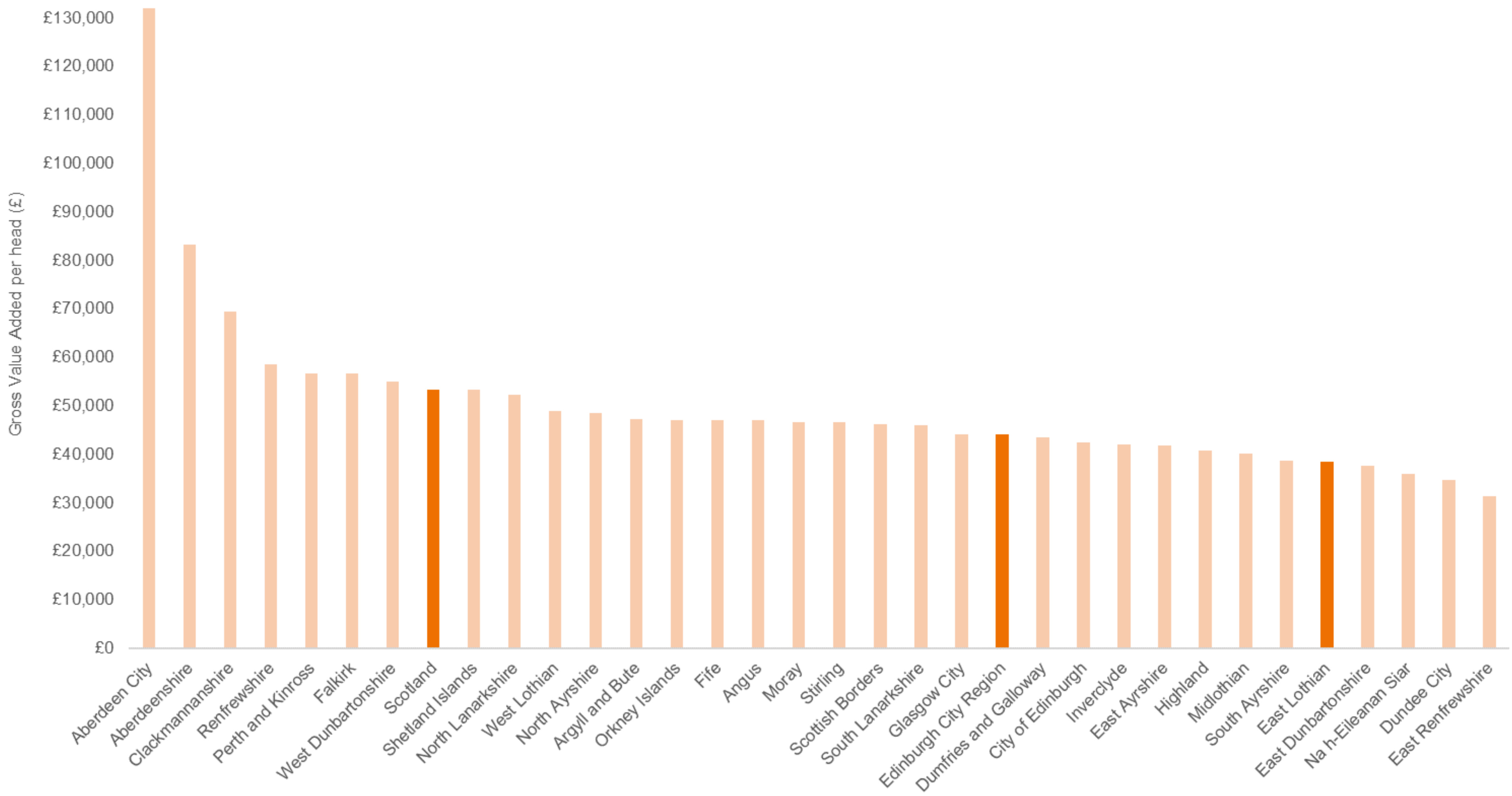
Table 12: GVA per Head (£) 2021.

	Productivity (GVA per Head)		% change (2011-2021)
Area	**2011**	**2021**	
East Lothian	£34,018	£38,405	13%
Edinburgh City Region	£36,506	£44,048	21%
Scotland	£50,690	£53,235	5%

Source: Scottish Annual Business Statistics 2021, 2023. Shading denotes higher levels than the Greater Britain average. GVA per worker totals across all industries except the financial sector, parts of agriculture and the public sector,

Figure 15 shows labour market productivity (measured as GVA per full time equivalent employee) for each of Scotland's 32 local authority areas, and shows that the productivity of East Lothian's workforce falls behind the Scotland average on this measure. However, as these figures only consider one of the four factors of production (labour), and do not account for the other three (land, capital and enterprise), these figures provide only a partial picture of an area's overall productivity. For example, it should be noted that local authorities which employ a high proportion of their workforce in highly mechanised industries such as heavy manufacturing and oil & gas tend to perform more strongly on this measure than more serviced based economies, and that the figures for the North Sea oil and gas sector in particular have a distorting effect on the average figures for Scotland as a whole.

Figure 105: GVA per head (£), Scotland, Edinburgh City Region and the 32 Scottish Local Authorities, 2021.

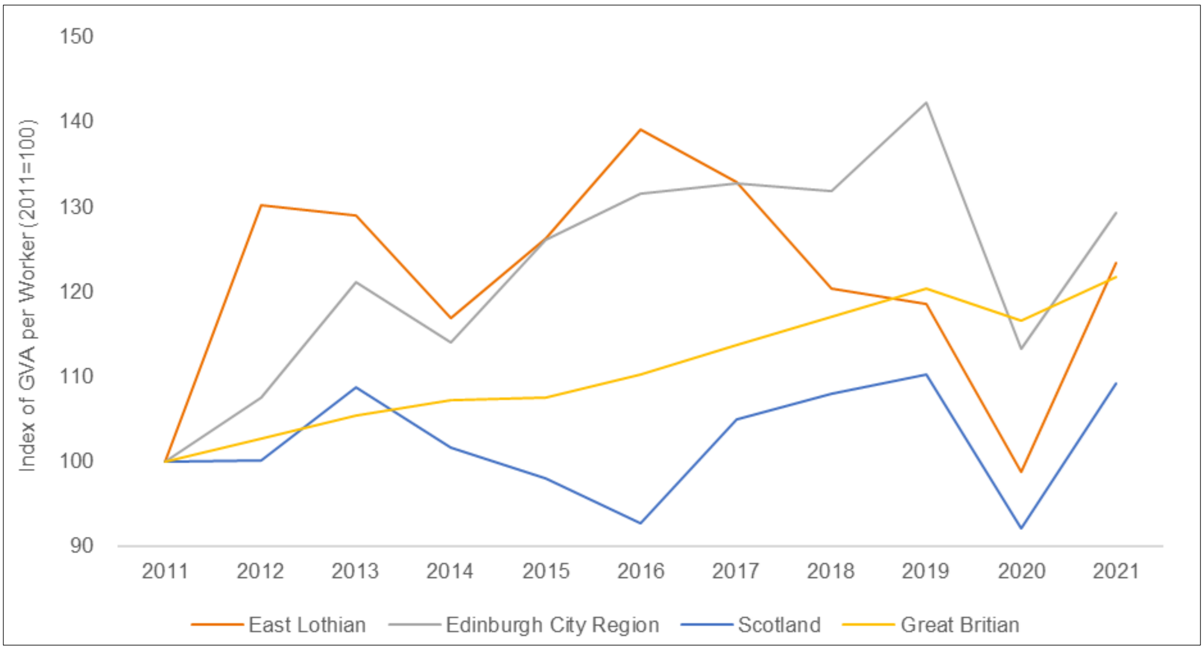


Source: Scottish Annual Business Statistics 2021, 2023.

Timeseries trends in productivity

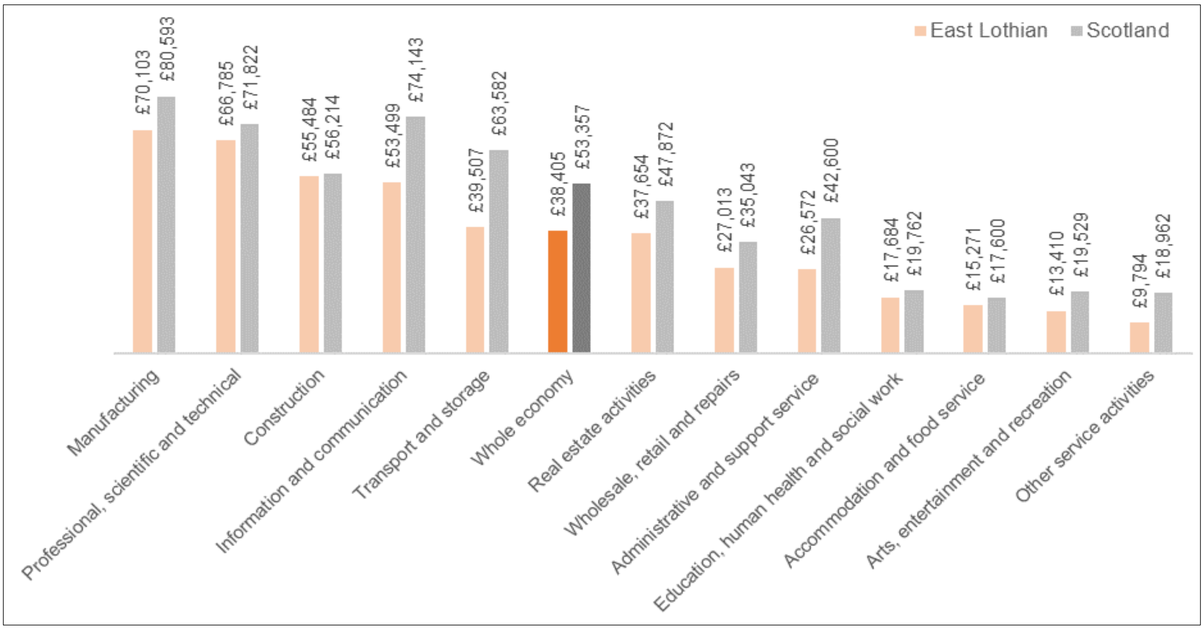
Changes in productivity over time are more positive for East Lothian than absolute figures. There is a trend of 'closing the gap' in terms of productivity with the regional figures, but the gap is still present. This productivity gap is a challenge across the whole East Lothian economy, with the area's labour productivity lagging the average for Scotland in every sector. The sectors in the economy with the highest levels of labour productivity are Manufacturing, Professional, Scientific & Technical activities, and Construction. The sectors with the lowest were Accommodation & Food Services, Arts, Entertainment & Recreation, and Other Service Activities.

Figure 116: Change in Productivity, 2011- 2021.



Source: ONS BRES, 2023

Figure 127: GVA per Worker in East Lothian and Scotland by Sector, 2021.



Source: Scottish Annual Business Statistics, 2021

GVA by sector

Table 13 shows an industry break down of the contribution to area level GVA. Data for East Lothian (the dataset sourced only provided estimates for East Lothian as a combined recording with Midlothian) reflects that public administration, education & health, Real estate activities, distribution, transport, accommodation & food, and business service activities are the sectors with the highest GVA of the East Lothian economy, contributing the most (in respective order) to the overall economy. Real estate activities exceed the level for Scotland and Great Britain by 6.7 and 5.3 percentage points respectively. This is indicative of a high value real estate market in East Lothian; likely driven by its proximity to Edinburgh.

Table 13: GVA by Sector, 2023

	East Lothian and Midlothian	Scotland	Great Britain
All industries (A-T), £'s million	4,040	162,605	2,212,881
Sector contribution to total GVA across all industries (%)			
Production (ABDE)	8.3	7.7	4.5
Manufacturing (C)	7.2	10.5	9.8
Construction (F)	6.3	5.5	5.9
Distribution, transport, accommodation and food (GHI)	14.7	15.0	16.1
Information and communication (J)	1.1	3.9	6.5
Financial and insurance activities (K)	0.1	7.5	8.9
Real estate activities (L)	17.9	11.2	12.6
Business service activities (MN)	13.9	10.7	12.9
Public administration, education and health (OPQ)	27.0	25.3	19.9
Other services and household activities (RST)	3.4	2.7	2.9

Source: ONS 2023. Data is not available for East Lothian individually; only combined with Midlothian.
**Shading indicates where a sectoral contribution to productivity for an area exceeds the level for Great Britain*

5 Labour Market Characteristics

This section gives an overview of East Lothian's labour market, in terms of participation rates, skills and occupations, travel to work patterns and wages to understand its relative performance and the functional economic area.

Key findings

- East Lothian's economic activity rate is in line with the Scotland average while employment and self-employment rates exceed the national averages. Labour market statistics indicate the East Lothian economy is close to full employment – with an employment rate of 76% and an unemployment rate of 1.7%[9].

- Concentrations of employment deprivation are recorded in the western settlements of Musselburgh, Tranent and Prestonpans.

- The occupation structure of East Lothian was generally consistent with the rest of the country although higher levels of employment are recorded in professional, administrative & secretarial occupations, and caring, leisure & other service occupations.

- Workplace earnings are significantly lower than both resident earnings for East Lothian, and average workplace earnings for the other comparator areas. It is suggested that this is driven by high earners commuting to work in Edinburgh. This is supported by travel to work data and high levels of Gross Disposable Household Income per head within the resident population.

- By the close of 2021, East Lothian had a greater proportion of the working age population with some form of qualification than the City Region, Scotland, and Great Britain. This followed a downward trend in the proportion of the population with no qualifications observed over the previous decade. It was also noted that the proportion of the working age population to have achieved NVQ4+ was greater than the average for Scotland and Great Britain.

5.1 Economic activity

Economic activity considers residents within the labour market who are either working or looking for work (i.e., those who are employed or unemployed). In 2023, East Lothian had an economic activity rate identical with the national average for Scotland at 77.4% of the working age (16-64) population. However, this figure was 2.3 percentage points lower than the City Region and 1 percentage point lower than Great Britain.

East Lothian has a higher employment rate than both Scotland and Great Britain, with 1.4 and 0.6 percentage points difference respectively. However, East Lothian lags the City Region by 1.7 percentage points. This is driven by the City of Edinburgh, a location of abundant job opportunities. Self-employment rates are relatively high compared to all wider study areas. Additionally, East Lothian has a considerably lower unemployment rate compared to the study areas which reflects a well utilised local labour supply, with only 1.7% of the working age population actively seeking yet unable to find work.

[9] Various measures of full employment have been identified such as an 80% employment rate and unemployment of less than 5%: Full employment: what is it and can it happen? (parliament.uk)

Table 14: Economic Activity, Inactivity, Employment, and Unemployment, expressed as a percentage of the (16-64) working age population, April 2022 - March 2023[10].

	East Lothian	Edinburgh City Region	Scotland	Great Britain
Economic activity rate	77.4	79.7	77.4	78.4
Economic inactivity rate	22.6	20.3	22.6	21.6
Employment rate	76.1	77.8	74.7	75.5
Self-employment rate	10.9	7.8	7.1	9.2
Unemployment rate	1.7	2.3	3.5	3.7

Source: Annual Population Survey, ONS, 2023. Note: shading highlights where an area has exceeded the national average (Great Britain).

5.2 Economic inactivity

Between July 2022 and June 2023, 19.9% of the working age population were economically inactive in East Lothian. The primary reason for economic inactivity was long term sickness, which accounted for 6.6% of the working age population, compared to 5.3% in the City Region, 7.2% in Scotland and 5.7% in Great Britain. This is explained by the disproportionately low number of working aged people who are inactive due to being in full time education.

Working age economic inactivity was lower than the average for Scotland and Great Britain by 2.7 and 1.5 percentage points respectively. There was also a greater proportion of people who are economically inactive due to looking after at least one family member compared to averages for City Region, Scotland, and Great Britain.

Table 15: Economic Inactivity by Reason, expressed as a percentage of the working age population, Jul 2022-Jun 2023.

	East Lothian	Edinburgh City Region	Scotland	Great Britain
Economic inactivity rate 16-64 (%)	19.9	19.1	22.6	21.4
Retired (%)	2.9	2.6	3.2	2.8
Student (%)	3.1	5.9	5.6	5.7
Looking after family (%)	4.3	3.3	3.8	4.2
Long term sickness (%)	6.6	5.3	7.2	5.7
Other (%)	3.1	1.3	2.2	2.5

Source: Annual Population Survey, ONS, 2023. Note: shading highlights where an area has exceeded the national average (Great Britain).

5.3 Unemployment and out of work benefits

Based on the April 2022 to March 2023 Annual Population Survey[11], the unemployment rate in East Lothian was 1.7%, which was significantly less than the City Region, Scotland and Great Britain averages. This geographical pattern is also reflected in claimant count data for October 2023[12], primarily representing the number of claims for Job Seekers Allowance but also includes certain Universal Credit claimants. Claimant count data is an unemployment measure based solely on those

[10] The Apr 2022–Mar 2023 dataset was used due to a data gap for Midlothian in the Jul 2022–June 2023 dataset.

[11] As previously mentioned, this figure has been used due to missing data for Midlothian in the July 2022 to June 2023 release.

[12] Claimant count data combines those claiming Jobseeker's Allowance and those claiming Universal Credit who are required to seek and be available for work.

claiming benefits principally for the reason of being unemployed (and therefore underestimates the true picture as not everyone unemployed and seeking work claims benefits).

Table 16 shows the proportion of claimants to the working age population was 2.3%, which was marginally lower than the claimant count for City Region, Scotland, and Great Britain by 0.1, 0.6, and 1.3 percentage points respectively. Unemployment rate across all geographies was higher for males and individuals aged 25-49.

Table 16: Claimant Count Expressed as a Percentage of the Working Age Population, October 2023.

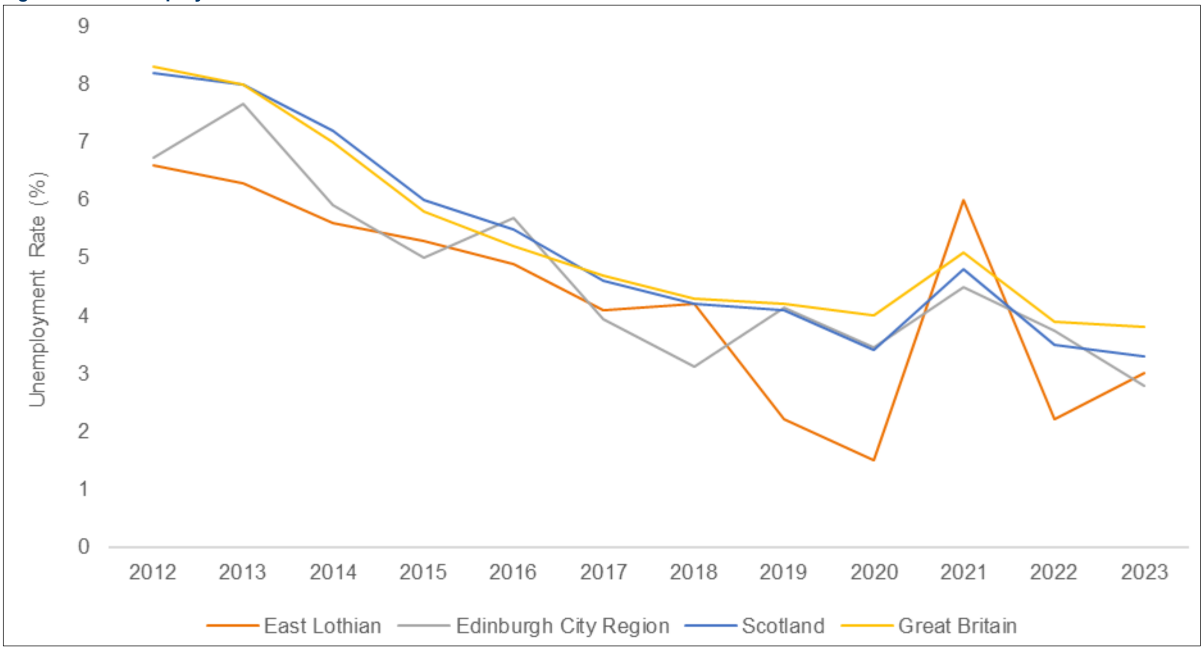
	East Lothian	Edinburgh City Region	Scotland	Great Britain
Claimant count	2.3	2.4	2.9	3.6
Claimant rate by broad age group				
Aged 16-24	0.5	0.4	0.5	0.7
Aged 25-49	1.3	1.4	1.8	2.2
Ages 50-64	0.5	0.5	0.6	0.8
Claimant count by gender				
Male	1.3	1.4	1.8	2.0
Female	1.0	1.0	1.2	1.6

Claimant Count by Sex and Age, ONS, 2023.

Figure 18 illustrates the trend in unemployment rate over the past 10 years based on ONS data[13], expressed as a proportion of the working age population. There was a sharp uptick in the unemployment rate in 2021, exceeding the respective rate for other geographies (6.0%). This could indicate that the East Lothian labour market was disproportionately affected by the response to the pandemic. However, the general trend shows a decline in the unemployment rate which generally outperforms the other geographies.

[13] ONS unemployment is measured by the Labour Force Survey (LFS) and includes people who meet the international definition of unemployment specified by the International Labour Organisation (ILO). This ILO definition defines unemployed people as being without a job, have been actively seeking work in the past four weeks and are available to start work in the next two weeks, or, out of work, have found a job and are waiting to start it in the next two weeks.

Figure 138: Unemployment Rate 10-Year Timeseries.

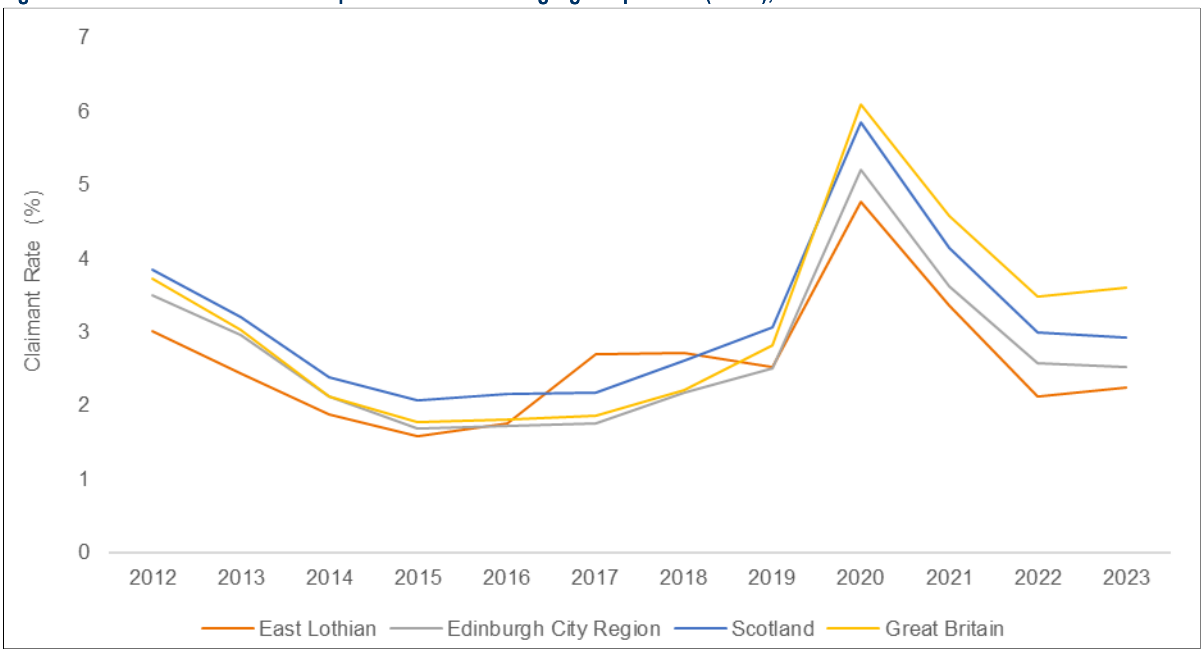


*Source: Annual Population Survey, ONS, 2023. *Jul 2022-Jun 2023*

Claims for out of work benefits

Unemployment levels in East Lothian have frequently been below the City Region, Scotland and Great Britain averages. Unemployment in East Lothian is below 2012 levels (3%), standing at 2.3% as of October 2023. Consistent to the findings for unemployment rate, East Lothian experienced a sharp increase in the claimant rate during the COVID-19 pandemic in 2020 followed by a subsequent drop.

Figure 149: Claimant Count as a Proportion of the Working Age Population (16-64), 10-Year Timeseries.

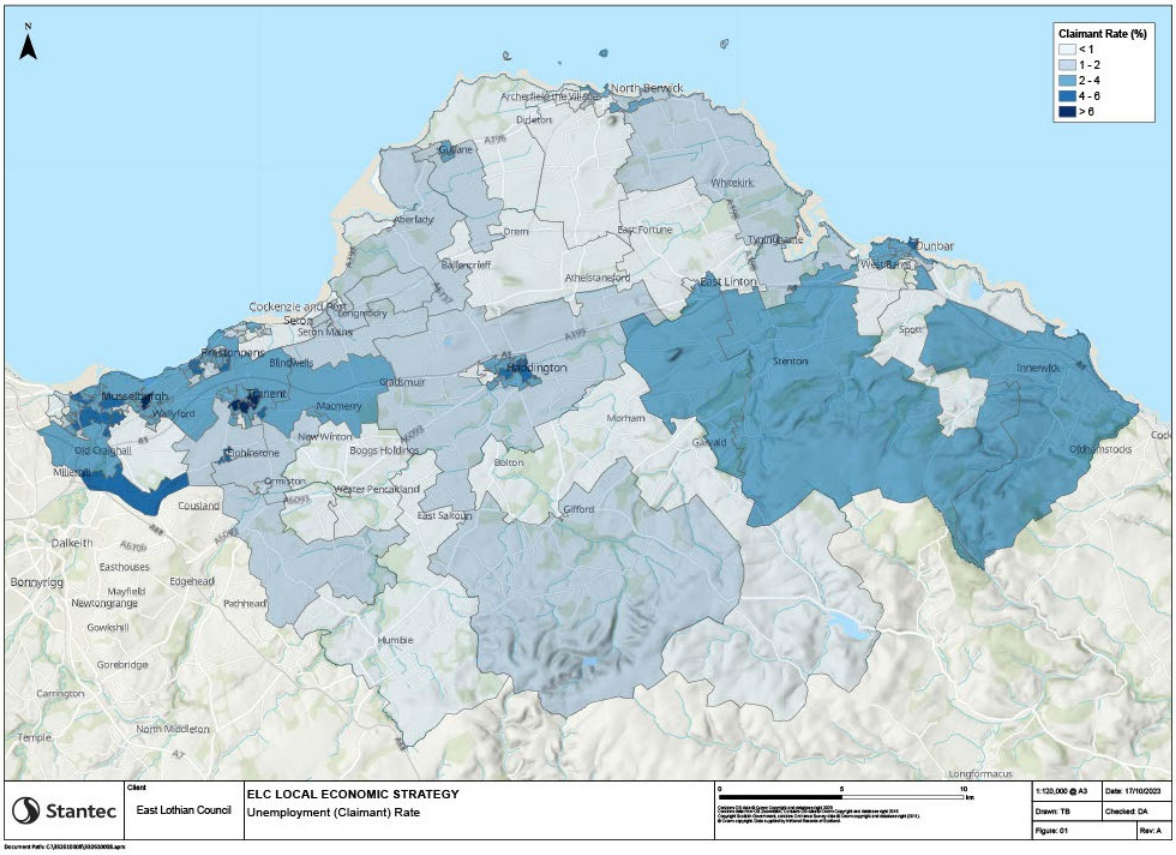


Source: Claimant count by sex and age, ONS, Oct 2023. Population estimates - local authority based by five-year age band, ONS, 2021[14].

[14] At the time of writing this evidence paper, midyear population estimates date up to 2021. For this analysis, the 2021 values for working age population were used for the 2022 and 2023 claimant rates.

Figure 20 presents unemployment claimant rate data for Data Zones in East Lothian. High levels of unemployment claimant rates are found in data zones surrounding Musselburgh, Haddington, and the eastern side of East Lothian. A total of 48.5% of the data zones exceeded the East Lothian average claimant rate (2.4%[15]), and 9.1% had claimant rates that were double this value. Just less than one in five (19.7%) of Data Zones recorded a claimant rate of less than 1% while thirteen Data Zones (9.8%) recorded zero claimants for out of work benefits, these are concentrated in the northern sector of the local authority area, and in Musselburgh West in particular.

Figure 20: Claimant Rate by Scottish Data Zones in East Lothian, 2021.



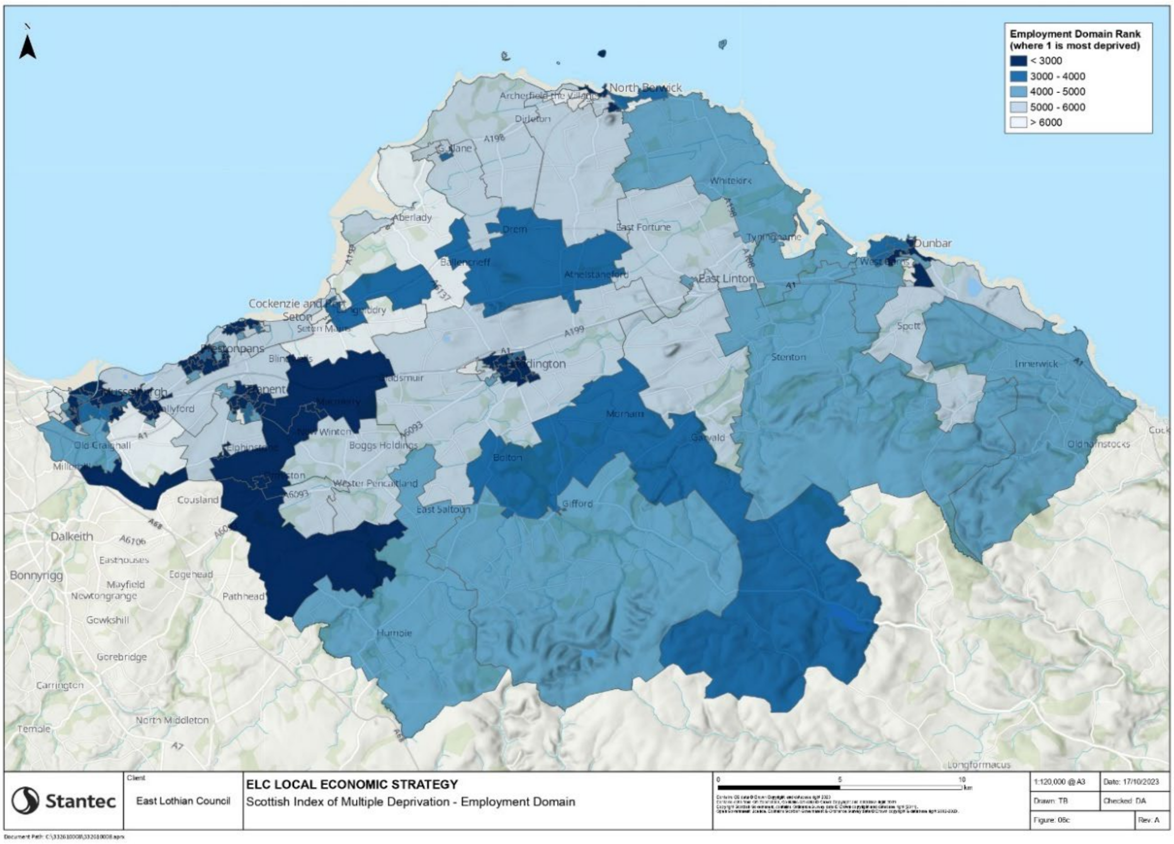
Source: National Records of Scotland, 2023

Employment deprivation

The Scottish Index of Multiple Deprivation uses a basket of indicators to assess employment deprivation for small areas of Scotland. The more populated urban areas within East Lothian are seen to experience greater levels of employment deprivation. 10.6% of Data Zones are ranked within the top quintile for most deprived in employment, however, none ranked within the top decile. Outside of the main urban zones of East Lothian and in the more rural zones especially, there are progressively lower levels of employment deprivation experienced.

[15] The values in Figure 20 were taken from the August claimant count dataset, and therefore vary from the values in Table 16 which were taken from the October claimant count dataset.

Figure 21: Scottish Data Zones by Deprivation in Employment



*Source: Scottish Index of Multiple Deprivation (2020). *Darker shading indicates greater degree of deprivation*

5.4 Occupations

Table 17 presents the occupation structure for East Lothian, City Region, Scotland, and Great Britain. East Lothian has a strong occupational profile with a larger proportion of employment within professional and associate professional occupations compared to Scotland and Great Britain. The proportion of East Lothian residents employed in these occupational groups has increased over the past decade with professional occupations increasing from 21.6% in 2012-13 to 28.7% in 2022-23 while the proportion of residents employed in associate professional and technical occupations has increased from 12.2% to 15.3% over the same period.

In addition, the proportion of the population employed as managers, directors and senior officials in East Lothian matched the City Region and exceeded that of Scotland by 0.6 percentage points. East Lothian also has a larger proportion of residents in administrative occupations compare to the regional, national and Great Britain averages.

Elementary occupations[16] in East Lothian accounted for a significantly smaller proportion of the occupational structure than the comparison study areas by between 3.3 to 4.5 percentage points. East Lothian residents are also less likely to be employed in process, plant and machine operative; and sales occupations compared to the City Region, Scottish and British averages.

[16] ONS define these occupations as "mainly of simple and routine tasks which mainly require the use of hand-held tools and often some physical effort."

Table 17: Occupation Structure as a Proportion of Total Employment, Jul 2022-Jun 2023

	East Lothian	Edinburgh City Region	Scotland	Great Britain
1. Managers, directors and senior officials	8.8	8.8	8.2	10.7
2. Professional occupations	28.7	31.7	26.1	26.8
3. Associate professional and technical occupations	15.3	15.7	15.3	14.5
4. Administrative and secretarial occupations	12.1	9.4	9.3	9.6
5. Skilled trades occupations	8.0	7.5	9.5	8.9
6. Caring, leisure and other service occupations	11.3	7.3	8.6	8.0
7. Sales and customer service occupations	5.6	6.1	7.1	6.1
8. Process, plant and machine operatives	3.8	4.0	5.0	5.5
9. Elementary occupations	5.9	9.2	10.4	9.5

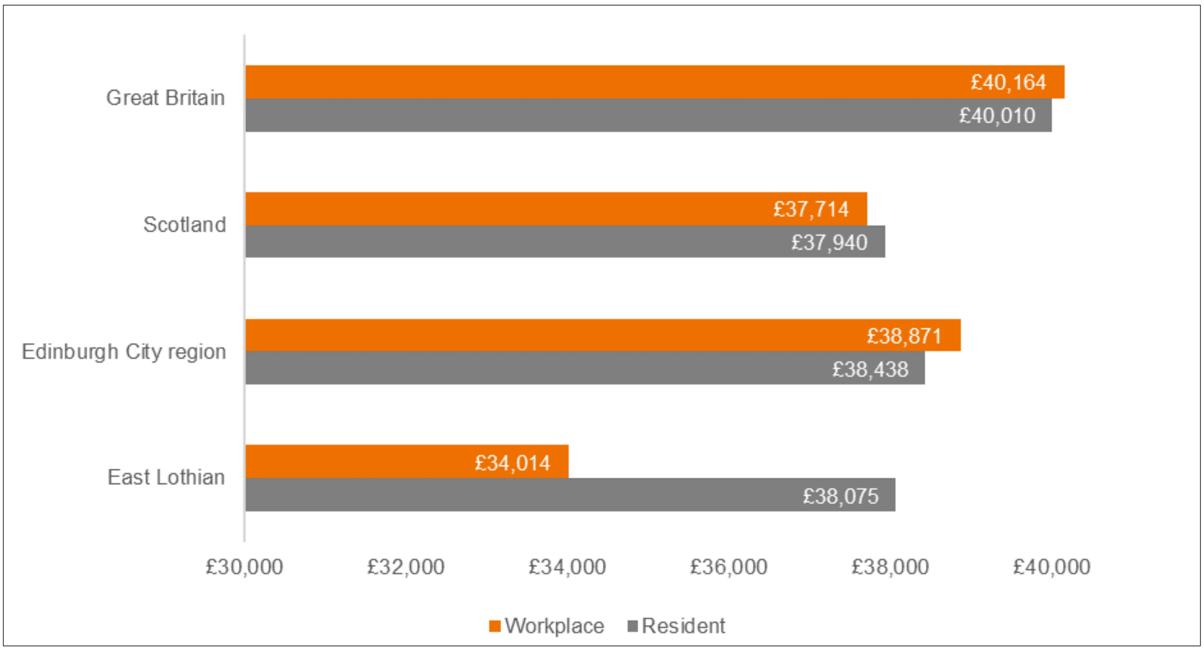
Annual Population Survey, ONS, 2023. Based on resident employment. Note: shading highlights where an area exceeds the national average (United Kingdom).

5.5 Wages

In East Lothian, resident-based earnings exceed the national average for Scotland by approximately £130 per annum, reflecting the occupational profile presented above. However, workplace wages are significantly lower than resident wages, which reflects an economy where the highest earners work outside of the Local Authority area. This is indicative of remote working opportunities and that some East Lothian residents work much further afield. The increased prevalence of hybrid working also creates opportunities for East Lothian businesses through the increased daytime footfall in the area. It also reflects East Lothian's proximity to Edinburgh and the high-quality living environments and strong transport links available in the more populated areas of East Lothian. This is reflected in the travel to work data presented in Section 6.1 of this report that highlights the large outflow of 17,387 workers from East Lothian into the City of Edinburgh.

The workplace earnings for East Lothian are lower than Edinburgh, Scotland and the UK by approximately £7,300, £3,700, and £5,900 respectively. Those employed within East Lothian are more likely to be employed within low-medium value jobs, reflecting the comparatively lower-value nature of East Lothian's economy.

Figure 15: Mean Annual Gross Pay, Resident and Workplace Wages 2022



Source: Annual Survey of Hours and Earnings, Resident and Workplace Analysis, ONS, 2023.

Disposable income

Disposable income is defined as the amount of money that households have available for spending and saving after direct taxes, such as Income Tax, National Insurance, and Council Tax have been accounted for[17]. It is worth noting that analysis has been based on latest available data. This data precedes the cost-of-living crisis and that the disposable income situation across Great Britain is likely to have changed quite significantly since.

The Gross Disposable Household Income (GDHI) per head for East Lothian exceeded the national averages for City Region, Scotland and Great Britain by approximately £1,900, £3,500, and £1,300 respectively in 2021. These findings highlight that before living costs, East Lothian residents experience a greater affordability in their area compared to average residents across the rest of the country. East Lothian and City Region experienced a higher growth in GDHI per head in 2021 compared to the rest of Scotland by 0.5 percentage points, however, they also lagged behind Great Britain by 0.8 percentage points.

Table 18: Gross Disposable Household Income per head, 2021

	East Lothian	Edinburgh City Region	Scotland	Great Britain
GDHI per head (£)	£23,135	£21,207	£19,630	£21,797
Growth in GDHI per head on year (%)	2.9	2.9	2.4	3.7

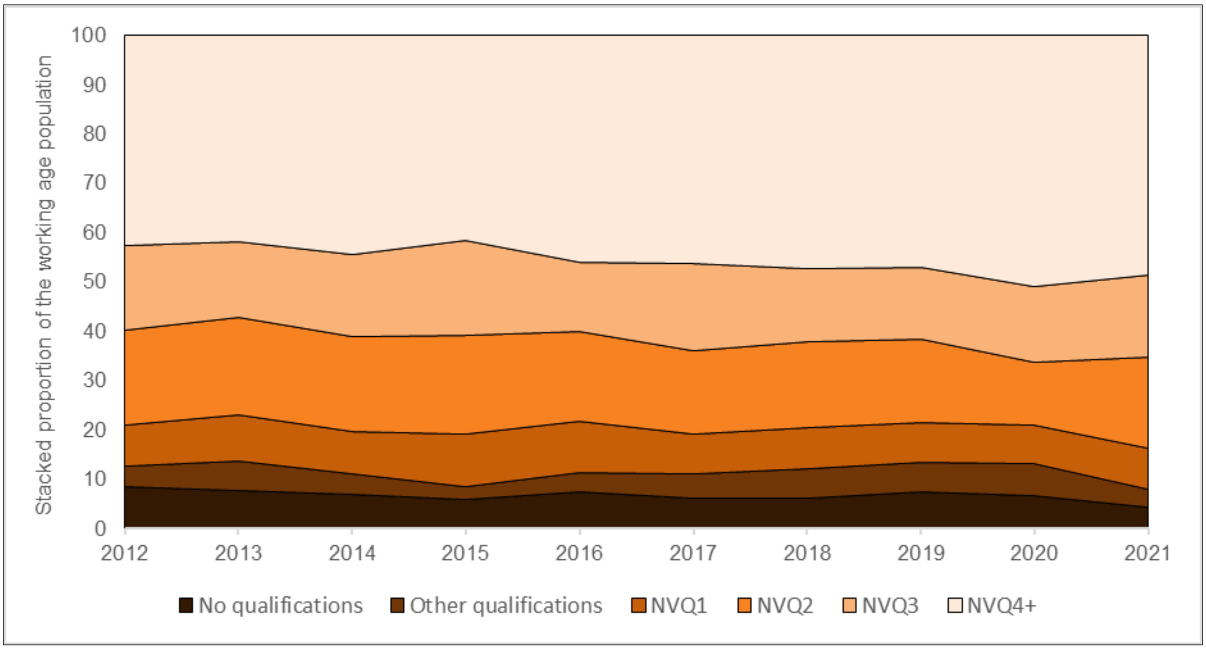
Source: ONS Regional Gross Disposable Household Income (GDHI) at current basic prices (2021)

[17] Office of National Statics (2023). Average household income, UK: financial year ending 2022. Available online at:https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2022#:~:text=Disposable%20income%20is%20the%20amount,benefits%20provided%20by%20the%20state.

5.6 Qualifications

Figure 23 illustrates a timeseries of the qualification attainment mix within the East Lothian working age population, as estimated by Annual Population Survey data. The population has been split into 6 groups, from those who held no qualifications, those who had achieved up to NVQ1, NVQ2, NVQ3 or NVQ4, and those had achieved qualifications outside of the NVQ classification. During the decade leading to 2021, there is a general increase in the share of the population to have attained NVQ4+, as well as a decrease in the proportion of the population to have no qualifications. It was observed that there were similar increases of share in NVQ2 and NVQ3, this reflects higher stronger educational outcomes from high school and college education in the local population.

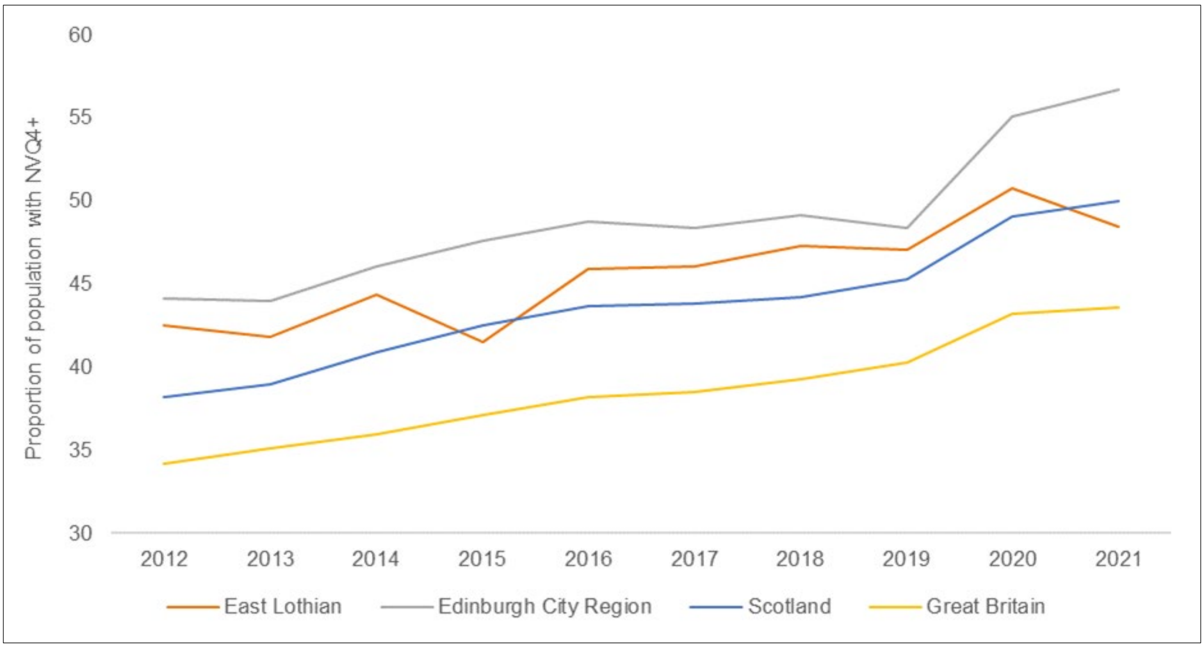
Figure 163: East Lothian (16-64) Working Population Qualification Attainment Mix Timeseries, Jan-Dec 2021



Source: Annual Population Survey, ONS, 2021.

Figure 24 supports the findings for NVQ4 attainment in East Lothian. The county generally outperforms the average for Scotland and Great Britain, however, has underperformed compared to the City Region; this is driven by the City of Edinburgh local authority (69.1% in 2021). This is an expected result given the presence and scale of the universities in the capital.

Figure 17: Proportion of the (16-64) Working Age Population to Have Attained NVQ4+ Timeseries, 2012-2021



Source: Annual Population Survey, ONS, 2021. Note: data for 2022 not released by ONS at time of writing.

5.7 Deprivation

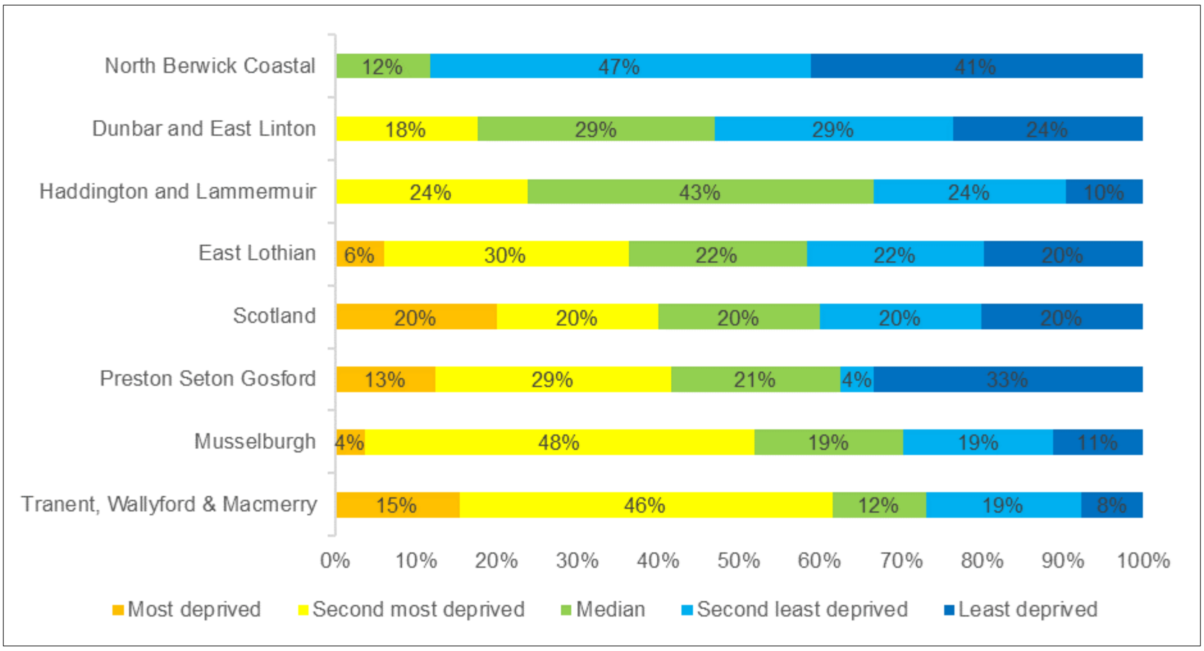
Data from the Scottish Index of Multiple Deprivation (SIMD) has been used to investigate deprivation and inequality across East Lothian. The SIMD focuses on concentrations of deprivation, therefore, not all households living in deprivation are represented here. This can effectively hide individuals living in deprivation who do not live in these categorised areas, underestimating the spread of deprivation across East Lothian. Inequalities which impact health and wellbeing should be viewed on a scale, effecting people at various levels. Whilst those in the most extreme deprivation will see the most severe outcomes, implications associated with inequalities will also affect those at the mid to high levels of the scale. Although the SIMD provides interesting and valuable insights into deprivation, it cannot be interpreted in isolation as a holistic image of deprivation in East Lothian.

SIMD data shows that there are proportionately fewer areas of severe multiple deprivation in East Lothian than across Scotland as a whole. For example, only 8 of East Lothian's 132 Data Zones (6%) lie within Scotland's most deprived quintile of communities, and only 48 (36%) lie within the 40% most deprived communities in Scotland. However, the index also shows a significant east-west divide across the Local Authority area, with the three ward areas to the west of East Lothian all experiencing a higher proportion of areas in the most deprived 40% of Data Zones than the Scotland average, and the three ward areas to the east of East Lothian all experiencing a lower proportion.

Figure 25 and Figure 26 show how deprivation is generally concentrated in Musselburgh, Tranent and Prestonpans. These areas are among the 20% most deprived areas in Scotland. The majority of East Lothian however, would be characterised as having low levels of deprivation relative to the rest of Scotland.

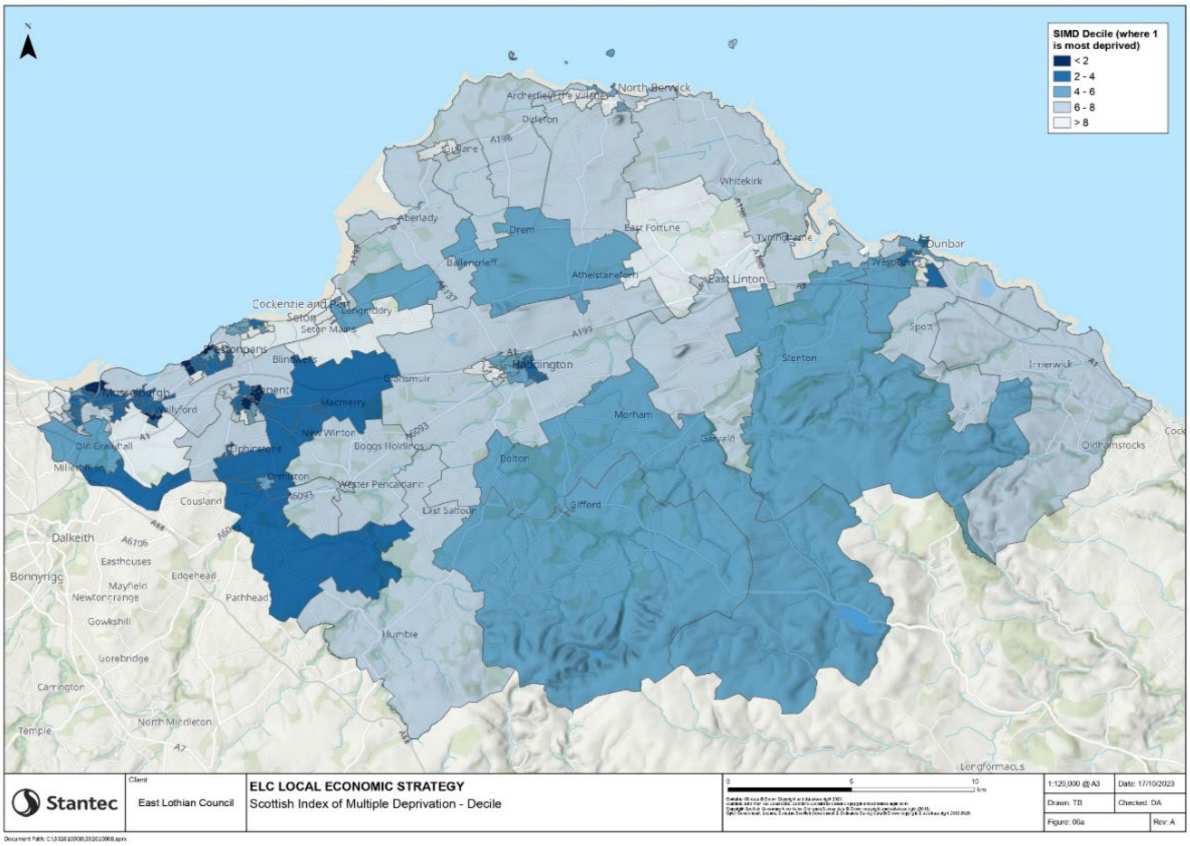
In terms of income deprivation, this is primarily concentrated around the western part of the Local Authority area. Particularly around Musselburgh, Prestonpans and Tranent. Within these settlements, a total of five Data Zones are ranked within the 1,000 most income deprived Data Zones in Scotland with a Data Zone in north Tranent ranked as the most deprived Data Zone – 342nd out of 6,976 Data Zones in Scotland. Health deprivation is varied across East Lothian, but particular concentrations of deprivation are apparent in Wallyford/Whitecraig, East Musselburgh, Prestonpans, and Tranent.

Figure 18: Proportion of Data Zones in Each Multiple Deprivation Quintile.



Source: Scottish Index of Multiple Deprivation (2020)

Figure 19: Scottish Data Zones by Multiple Deprivation Index Decile



*Source: Scottish Index of Multiple Deprivation (2020). *Darker shading indicates greater degree of deprivation*

6 Connectivity

Key findings

- Traffic volume increased for the 10 years leading to 2020 by approximately 18.4%. Trunk road traffic accounted for 38.1% of traffic volume across all roads in East Lothian in 2019.
- Rail journeys approximately doubled in the 15 years leading to 2020 and fell steeply during the first year of the pandemic. They have yet to fully recover to pre-pandemic levels.
- The most recently available travel to work data (2011), indicates a net outflow of approximately 68,000 people, primarily driven journeys to Edinburgh. There was a self-containment rate of 68.6%, which was low relative to the rest of the City Region.
- Households with access to one car exceeded the Scottish and City Region averages by approximately 9% and 8% respectively.
- East Lothian has strong full fibre connectivity relative to the other geographies, however, high broadband speeds and gigabit availability fell below the national average. 4G coverage is currently outperforming the national average, however, 5G coverage is poor. Digital connectivity is poorer within the more rural areas of East Lothian.

6.1 Transport connectivity

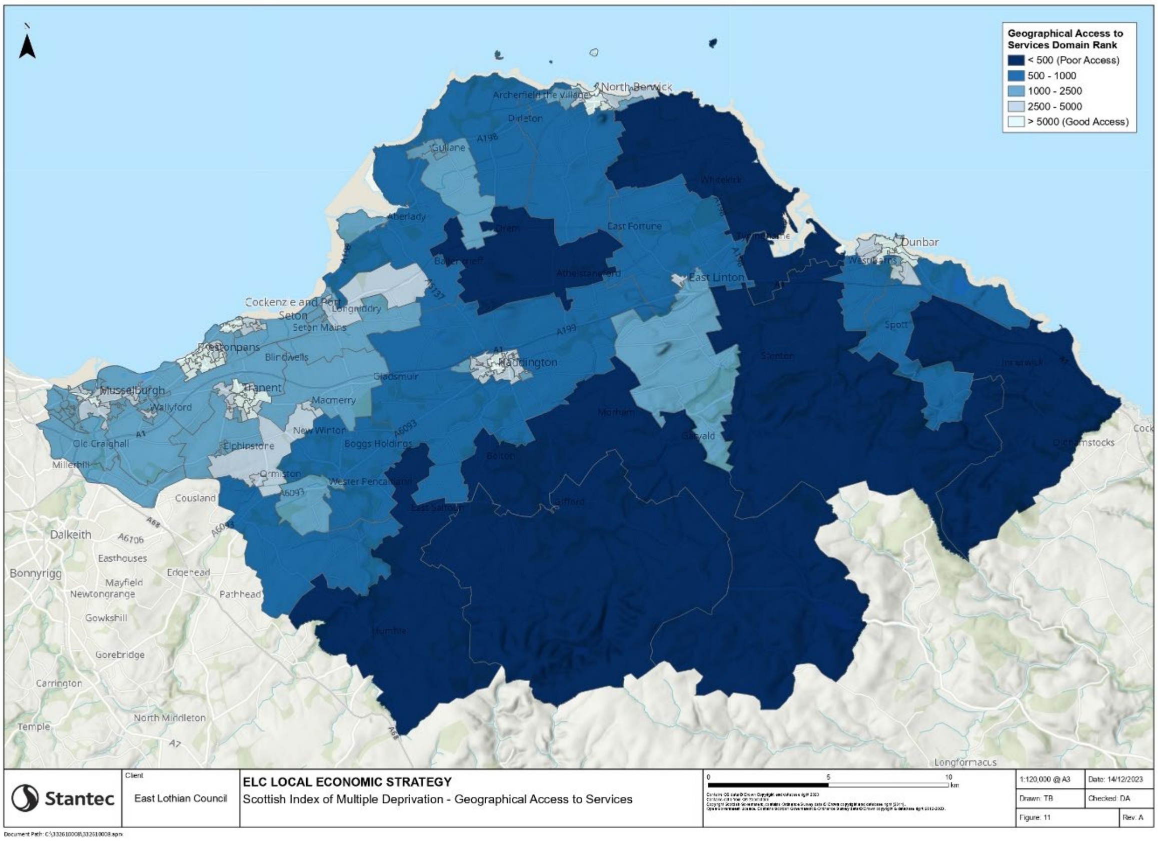
East Lothian's Local Transport Strategy (2018-2024) presents the opportunities, issues and priorities associated with the area's transport network. The strategy highlights East Lothian's connectivity strengths with the Anglo-Scottish transport corridor of the A1 Trunk Road and East Coast Main Line (ECML) running through the area, providing major passenger and freight routes. East Lothian road connectivity also benefits from:

- The A6093 running through Pencaitland to Haddington.
- The A198 from North of Tranent, travelling along the coastal edge of East Lothian before joining the A199.
- The A199 that travels from West Barns to Musselburgh, closely following the route of the A1.
- The A6137 connecting Haddington to Aberlady.

Geographical access to services

Figure 27 displays deprivation for geographical access to services. This measure of deprivation is derived from indicators which recorded average driving time and public transport travel time to key services such as a petrol station, GP surgery, post office, primary / secondary school and retail centre, as well as the proportion of households without access to superfast broadband (at least 30Mb/s download speed). The key takeaway from this figure is the disparity in geographical access to services between rural and urban areas. Some areas surrounding Prestonpans, North Berwick and Dunbar ranked within the top 5% for Scotland for access to services. However, rural areas around East Linton, Gullane and Drem ranked within the top 5% most deprived for geographical access to services in Scotland.

Figure 207: Scottish Data Zones Geographical Access to Services Deprivation



Source: Scottish Index of Multiple Deprivation (2020)

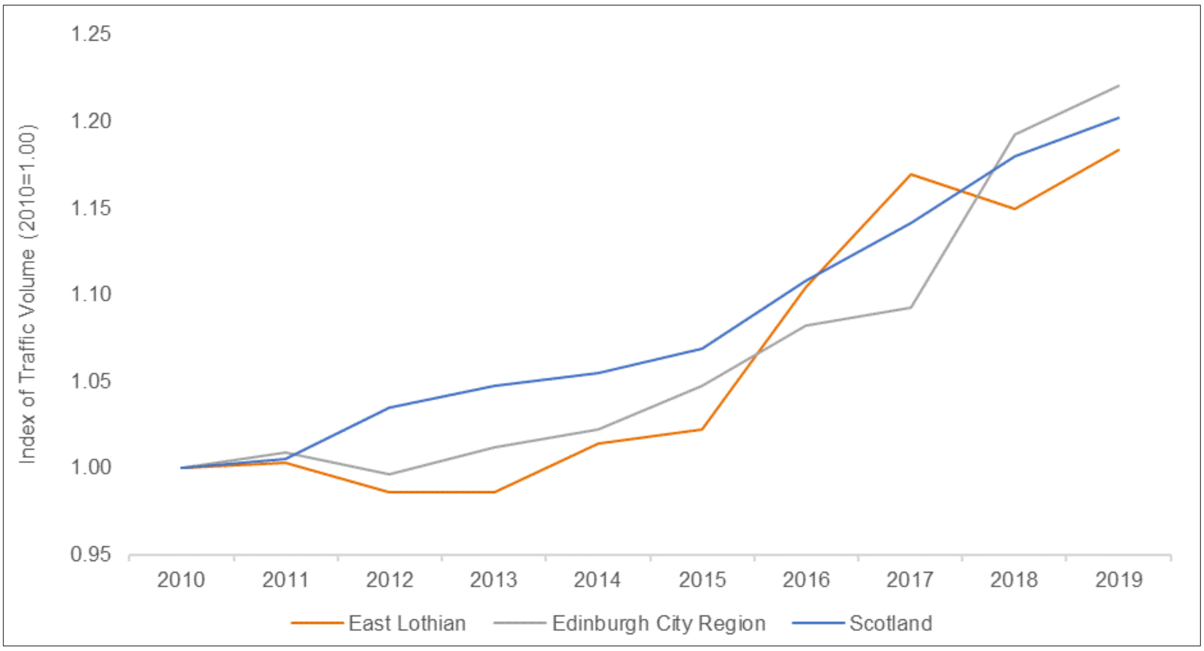
Traffic patterns

Data for traffic on trunk roads in East Lothian reflects a general upward trend in road usage, similar to the trend recorded across the City Region and Scotland, despite a slight fall in usage between 2017 and 2018. In 2019[18], the Department for Transport recorded 419 million vehicle kilometres on trunk roads in East Lothian. Vehicle kilometres are a measure of traffic flow, representing the movement of a vehicle over one kilometre[19]. The data reflects an increase in traffic volumes over time. 2020 data shows a steep decline in traffic volume; however, this is not reflective of natural human behaviour. There is no data to confirm a permanent reduction in traffic volume beyond the COVID-19 response period.

[18] The most recent figures in the dataset are for 2020, however, these provide anomalous results, due to COVID-19 lockdown legislation, which skew the data and misrepresent natural human behaviour.

[19] European Environment Agency (2019). vehicle-kilometre. Available online at: https://www.eea.europa.eu/help/glossary/eea-glossary/vehicle-kilometre

Figure 218: Trunk Road Traffic Time Series, 2010-2019

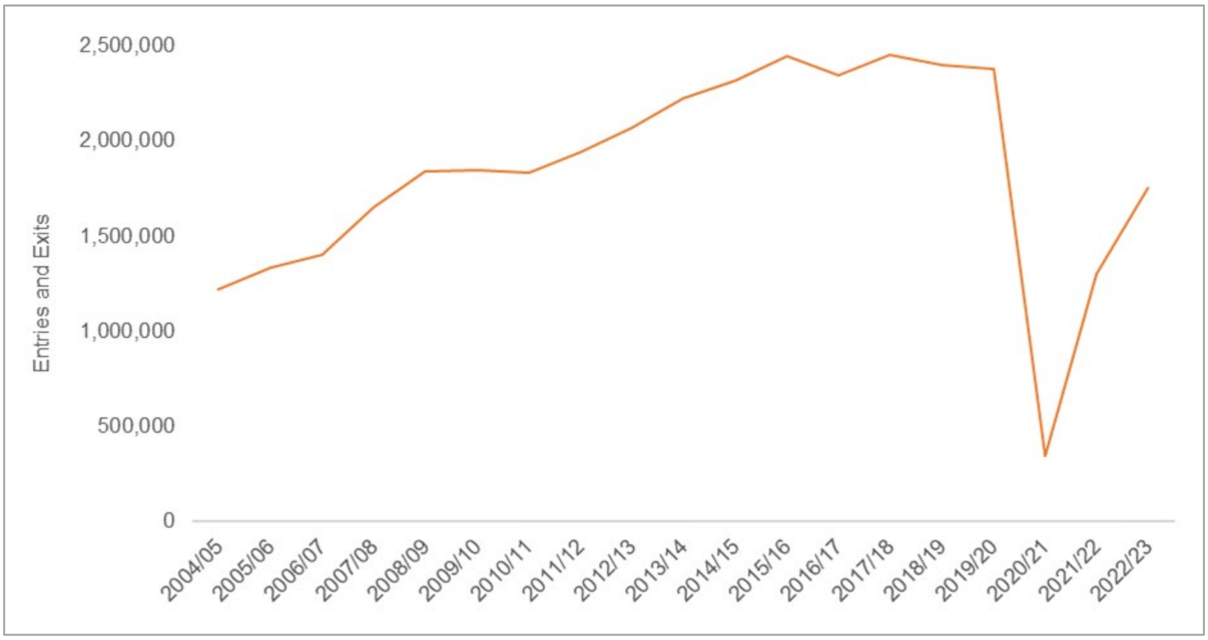


Source: Department for Transport, 2021

Rail connectivity

East Lothian benefits from eight rail stations located at Musselburgh, Wallyford, Prestonpans, Longniddry, Drem, North Berwick, Dunbar and East Linton , which opened in December 2023. Figure 29 shows the annual estimates for the number of entries and exits from railway stations in East Lothian. It shows that the number of rail journeys increased steadily between 2004/5 and 2014/15, then stabilised at approximately 2.5 million journeys per year until 2019/20, before falling back substantially following the start of the COVID-19 pandemic in early 2020.

Figure 229: East Lothian Railway Stations Total Entries and Exits Timeseries, 2005-2023.



Source: Office of Rail and Road, 2023

The table below shows total numbers of entries and exits in 2022-2023 by station. It shows that North Berwick is the most used railway station within East Lothian, accounting for more than a quarter of all entries and exits. Drem is the least used station in East Lothian accounting for just over 5% of total entries and exits within East Lothian. The station is served by hourly stopping services running each direction between North Berwick and Edinburgh.

Table 19: Entries and Exits from Railway Stations in East Lothian, 2022-2023

	Station entries and exits	% of entry and exits
North Berwick	460,674	26.28%
Musselburgh	350,270	19.98%
Dunbar	319,280	18.21%
Wallyford	208,838	11.91%
Prestonpans	172,918	9.86%
Longniddry	138,348	7.89%
Drem	102,770	5.86%

Source: Department for Transport, 2023

Commuting pattern

Table 20 and Figure 30 provide an overview of commuting patterns in the City Region. The region as a whole retains approximately 91% of its residents within its workforce. The Scottish Borders and Fife were the only Local Authority areas with a comparable self-containment rate to the City Region.

The City of Edinburgh had a relatively low self-containment rate due to its substantial commuter inflow, as illustrated in Figure 30. A significant proportion of workers within the City Region come from the surrounding areas of the City Region; East Lothian alone had over 17,000 residents working in Edinburgh. Overall East Lothian had a net commuter outflow of approximately 14,000 residents, highlighting the strong commuter links to Edinburgh and this provides opportunities for the East

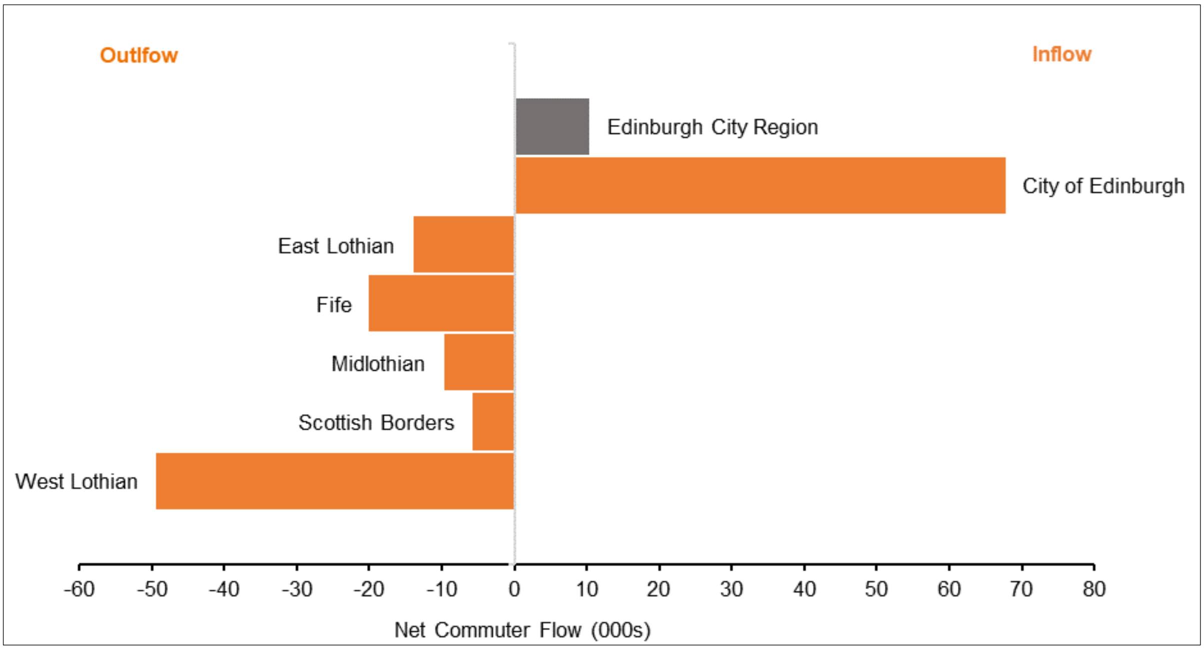
Lothian economy to benefit from the spending power of its residents that are accessing highly paid employment in Edinburgh.

Table 20: Travel to Work Summary for the Edinburgh and South East Scotland City Region, 2011.

	Inflow	Outflow	Net change	Self-containment (%)
Edinburgh City Region	48,729	38,238	10,491	90.64
City of Edinburgh	94,753	26,822	67,931	63.60
East Lothian	7,426	21,530	-14,104	68.64
Fife	13,496	33,715	-20,219	88.33
Midlothian	11,111	20,867	-9,756	51.62
Scottish Borders	2,872	8,834	-5,962	91.62
West Lothian	21,675	71,230	-49,555	66.04

Source: WU03UK – Location of usual residence and place of work by method of travel to work, 2011

Figure 23: Net Commuter Flow for the Edinburgh & South East Scotland City Region



Source: WU03UK – Location of usual residence and place of work by method of travel to work, 2011[20]

Car ownership

Car ownership in East Lothian exceeds ownership levels recorded across the City Region and Scotland. A total of 90% of households own at least one car, compared to 80% across the City Region and nationally. A third of East Lothian households own two or more cars, broadly in line with the national average.

[20] TTWA data from the 2021 Census has not yet been released for Scotland.

Table 21: Car Ownership

	East Lothian	Edinburgh City Region	Scotland
Households With Access to One Car (%)	57	49	48
Households With Access to Two Or More Cars (%)	33	31	32
Households Without Access to A Car (%)	10	20	20

Source: Transport Scotland (2021)

6.2 Digital connectivity

Fair Internet Report[21] combines open speed test data points, IP ranges, and customer reviews to understand regional digital connectivity across the UK. The average internet speed in East Lothian is reported to be 83 Mbps, 42% lower than the UK average (117 Mbps). Broadband users in East Lothian typically experience speeds in the range of 36 Mbps to 113 Mbps, and the median download speed of 47 Mbps, 27% lower than the UK median (60 Mbps). The average upload speed in East Lothian is 15 Mbps, 24% lower than the UK's average upload speed (18 Mbps).

Ofcom's Connected Nations reports explores the UK's communication infrastructure. Table 22 presents the profile of broadband activity in East Lothian compared to the City Region, Scotland and Great Britain. Fixed broadband infrastructure in East Lothian is competitive with the rest of Scotland but lags behind the British average in terms of download speed, particularly in the higher ranges. For instance, East Lothian exceeded the proportion of premises able to achieve download speeds at or above 100 Mbit/s compared to Scotland by 2.1 percentage points but was below the level for Great Britain by 3.9 percentage points. However, data provided by Ofcom highlights that 71.4% of premises were able to access full fibre, which exceeded the average for the City Region, Scotland and Great Britain by 10.9, 24, and 21.9 percentage points respectively.

Table 22: Fixed Broadband Availability

	East Lothian	Edinburgh City Region	Scotland	Great Britan
<2 Mbit/s	0.5	0.2	0.5	0.2
< 10 Mbit/s DL/UL	2.2	1.2	2.7	1.3
>=10 Mbit/s	97.8	98.8	97.5	98.8
>=30 Mbit/s	95.3	96.8	94.6	96.6
>=100 Mbit/s	71.4	77.9	69.3	75.3
>=300 Mbit/s	71.4	77.2	68.4	74.0
Full Fibre	71.4	60.5	47.4	49.5
Gigabit capable	71.4	76.6	67.7	73.1

Source: Ofcom, Connected Nations update (May, 2023)

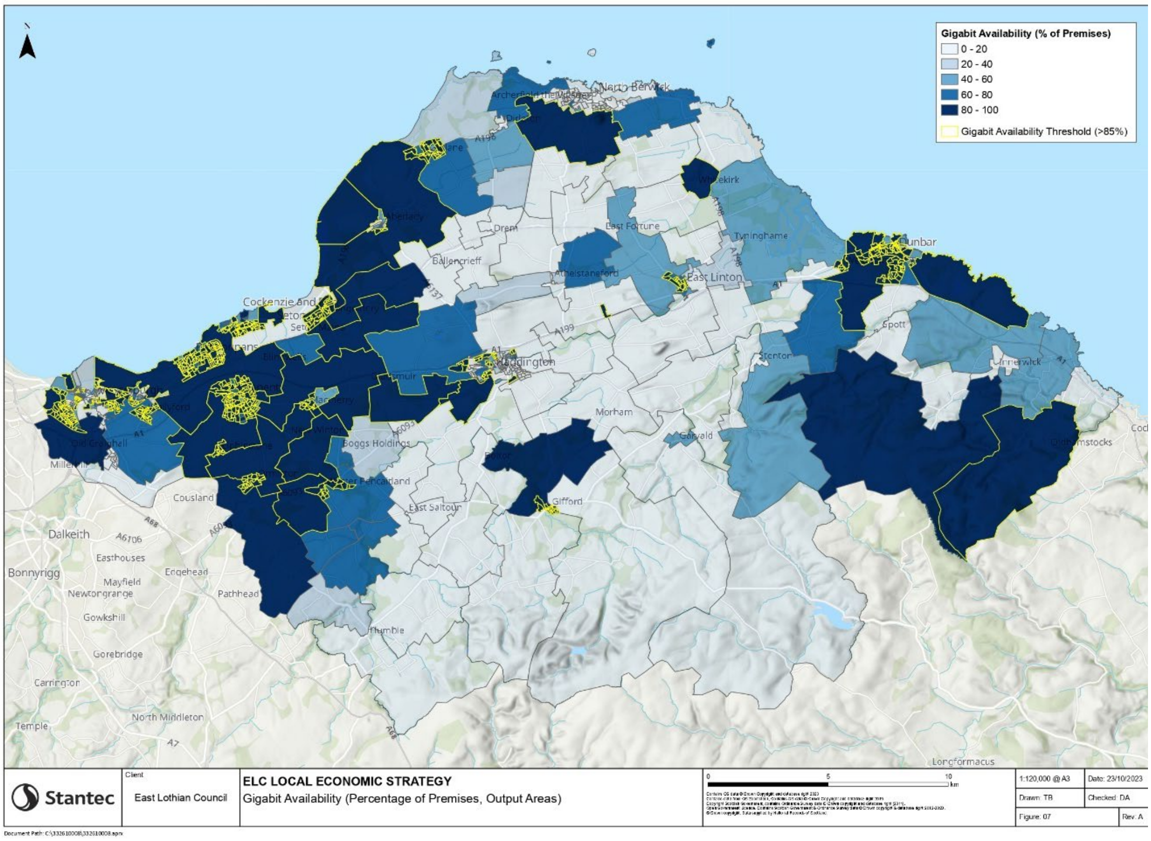
The UK Government has set a target for gigabit broadband to be available to 85% of the UK by 2025, and nationwide by 2030[22]. Table 22 shows the proportion of premises with gigabit availability in East

[21] East Lothian Broadband Coverage and Stats, January 2024. Available online at: https://fairinternetreport.com/United-Kingdom

[22] UK Government (2022). UK's Digital Strategy. Available online at: https://www.gov.uk/government/publications/uks-digital-strategy

Lothian was 71.4%, which was 5.2, and 1.7 percentage points lower than the City Region and Great Britain respectively, but 3.7 percentage points greater than the national comparator for Scotland. Figure 31 below offers more insight into the observation for East Lothian. There are clusters of zones where over 85% of premises have gigabit availability (highlighted in yellow), which are concentrated around the most densely populated areas of East Lothian, i.e., where there is greater demand for digital connectivity. The more rural areas of East Lothian have a low proportion of households with gigabit availability.

Figure 31: Proportion of Premises with Gigabit Availability



Source: Ofcom, Connected Nations update (April, 2023)

Data provided by Ofcom indicates that East Lothian has strong 4G mobile infrastructure in place with 98.5% coverage across the council area: more than the average for Scotland and Great Britain. 5G infrastructure is not yet up to the standards of the rest of the country, with only 7% of the local authority at high confidence compared to the Scottish average of 18.6% and average for Great Britain of 22.3%.

Table 23: Mobile Coverage

	East Lothian	Edinburgh City Region	Scotland	Great Britain
4G Premises (Outdoor)	98.53	98.95	96.64	98.15
4G Premises (Indoor)	87.51	90.85	86.24	85.96
Geographic	77.3	87.75	46.96	75.09
5G high confidence	7.03	34.70	18.58	23.34
Geographic	0.85	19.22	0.41	2.46
5G very high confidence	1.69	14.05	7.84	13.09
Geographic	0.15	6.84	0.16	1.06

Source: Ofcom, Connected Nations update (April 2023)

7 Housing and Employment Land

Key findings

- There are approximately 50,650 houses in East Lothian, with household size and median number of rooms consistent with the national average.
- House prices in East Lothian have outperformed Scotland in post-COVID growth reaching £312,986 compared to Scotland's £217,223.
- Relative to the Edinburgh City Region and Scotland, East Lothian has a higher number of private renters. However, the proportion of people who own their property outright exceed the national average (Scotland) by 7 percentage points.
- North Berwick has a high concentration of second homes, consistent with its reputation for tourism. House prices across East Lothian, Edinburgh City Region, Scotland and Great Britain have recorded significant increases since 2004. More recently, house prices in East Lothian have outperformed Scotland in post-COVID growth.
- The median house price in East Lothian was 7.1 times the value of the median salary in 2022.
- There is a need to identify effective employment land in East Lothian, in particular for office space. A low vacancy rate of 2.6% is currently reported and there has been a general decline in the availability of office space in East Lothian over the past ten years.
- Although retail and industrial properties have a higher vacancy rate, employment land is still underperforming in East Lothian with 59% of the region's total employment land currently undeveloped.

7.1 Housing stock

The most recent housing figures[23] indicate that there are approximately 50,650 dwellings in East Lothian. However, the most recent detailed breakdown of local housing was published by the Scottish Government in 2017. This dataset will be utilised to provide analysis of East Lothian's housing stock. In 2017, there were nearly 48,000 dwellings in East Lothian which accounted for approximately 7% of dwelling stock in the City Region. The average household size and number of rooms was similar to the City Region and Scotland as a whole.

In terms of household type, the largest proportion of dwellings were flats, although the proportion of flats was 10 percentage points behind the Scotland average. The proportion of detached and semi-detached properties in East Lothian were both slightly higher than the national average. The housing mix in East Lothian was noticeably different to the Edinburgh City Region profile which is expected to be heavily influenced by the tenement-style housing stock available within the City of Edinburgh.

[23] Provided by East Lothian Council Local Housing Strategy 2024-2029.

Table 24: Housing Stock, 2017

	East Lothian	Edinburgh City Region	Scotland
Number of Dwellings	47,635	649,981	2,603,174
Average Household Size	2.27	2.22	2.16
Median number of rooms	4	4	4
Housing type (as a % of total)			
Detached	22.2%	18.5%	21.5%
Flats	27.8%	42.1%	37.7%
Semi	22.7%	16.9%	19.7%
Terraced	27.1%	22.2%	20.5%
Unknown	0.1%	0.3%	0.7%

Source: Statistics Scottish Government, 2023

7.2 Housing tenure

East Lothian's housing tenure is dominated by homes in owner occupation (60%), the largest proportion of which are owned outright without a mortgage. The level of owner occupation is slightly below the City Region and Scotland averages whereas the levels of owner occupier outright owning their properties is higher than the City Region and Scotland averages by 10 and 7 percentage points respectively.

The proportion of stock that is socially rented in East Lothian exceeds the Scotland average by approximately 7 percentage points, which demonstrates strong provision from East Lothian Council. However, East Lothian was 9 percentage points lower than the rest of Scotland in the proportion of housing stock made up of social renting from housing associations, co-ops and charitable trusts.

Table 25: Housing Tenure by Thousands, 2021[24]

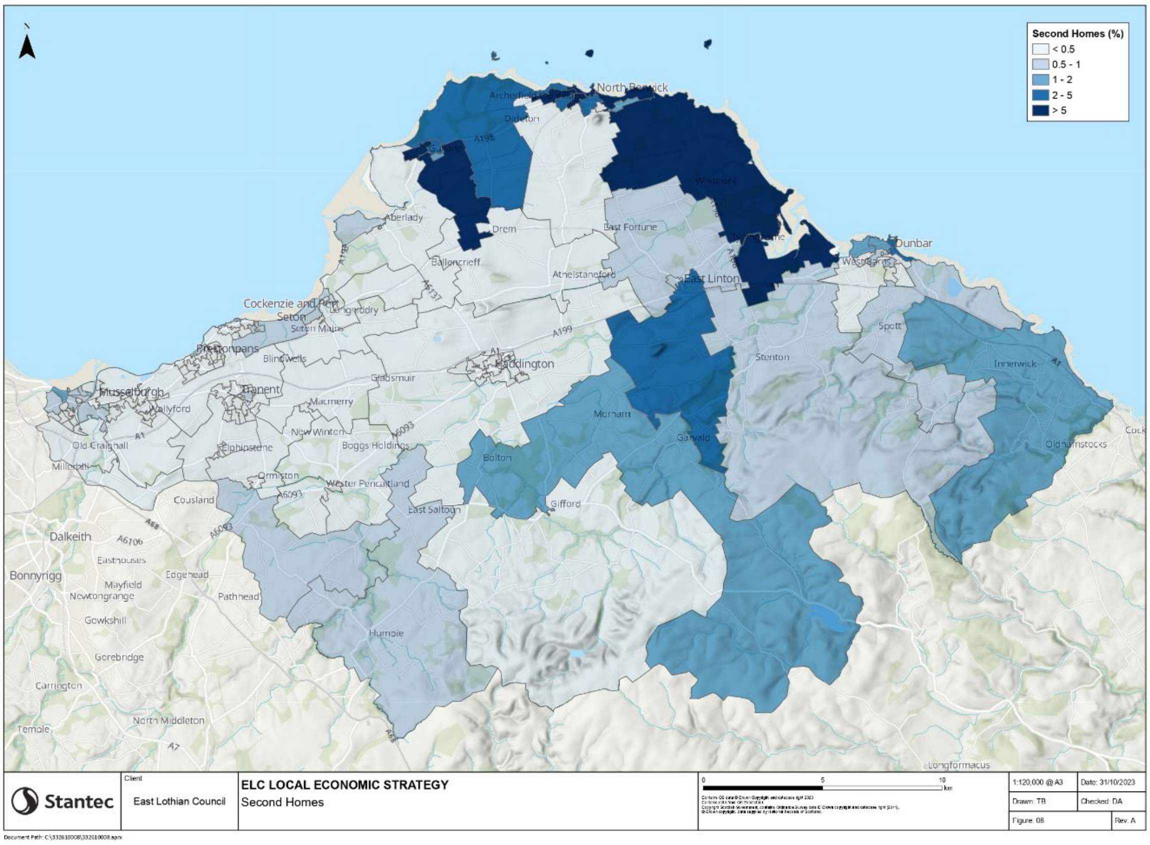
	East Lothian	Edinburgh City Region	Scotland
Owner occupied	**60%**	**63%**	**62%**
Owner occupied – owned outright	*40%*	*30%*	*33%*
Owner occupied – buying with loan/mortgage	*20%*	*30%*	*29%*
Social rented	**20%**	**20%**	**22%**
Social rented – local authority	*20%*	*13%*	*13%*
Social rented – housing assoc./co-op/char. Trust	*Low (<1,000 units)*	*6%*	*9%*
Private rented	**20%**	**17%**	**15%**
Private rented – private landlord	*20%*	*14%*	*13%*
Private rented – rented from family/friends/employer	*Low (<1,000 units)*	*Low (<1,000 units)*	*1%*
Other	**Low (<1,000 units)**	**Low (<1,000 units)**	**1%**

Source: Scottish Household Survey, 2021

[24] Data is recorded in increments of 1,000 units. Whilst this has led to some tenure types recording a low value of <1,000 units, this is not to say that these types are not present.

Figure 32 below, shows the relative density of second homes within the housing market of East Lothian based on National Records Scotland Council Tax data. Second homes are primarily concentrated in zones within North Berwick, Whitekirk, Tyninghame, and Gullane. North Berwick has particularly high concentrations of second homes, reflecting its status as an attractive seaside town for tourism. In contrast, there are many areas where less than 0.5% of the housing stock is taken up by secondary homes.

Figure 32: Concentration of Second Homes in East Lothian



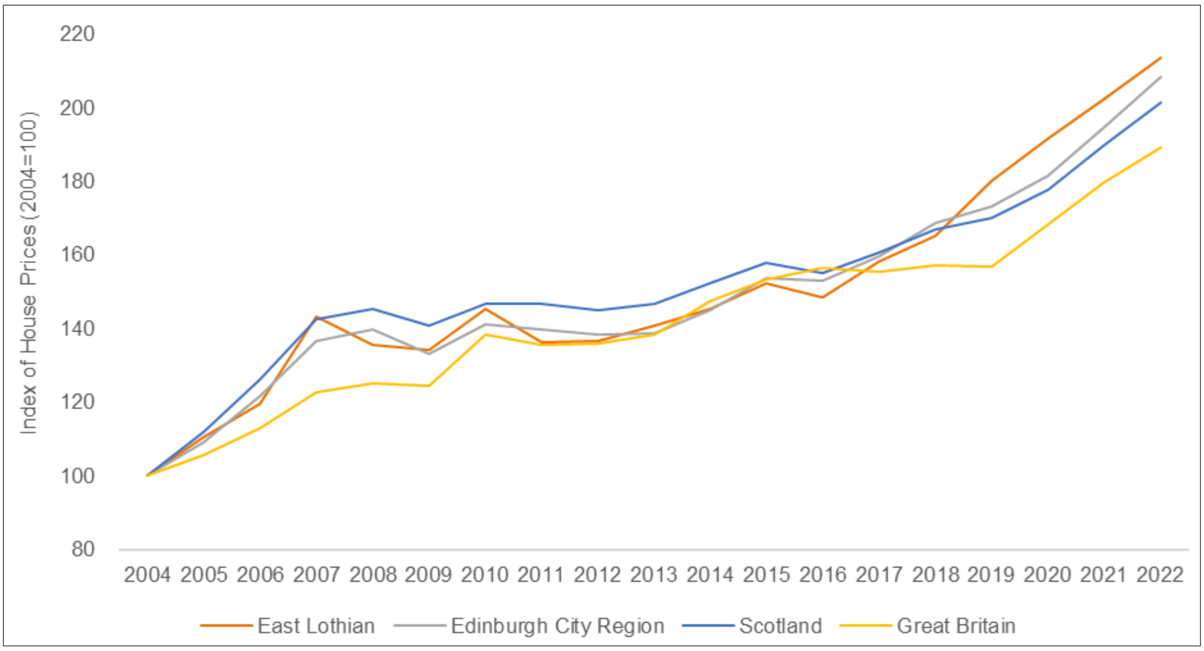
*Source: National Records Scotland. *Darker shading indicates a greater density of second homes within a data zone*

7.3 House prices and affordability

House prices across East Lothian, Edinburgh City Region, Scotland and Great Britain have recorded significant increases since 2004, as shown in Figure 33.

Recently, house prices in East Lothian have outperformed the City Region, Scotland and Great Britain in growth. House prices in East Lothian have increased by 35% over the past 5 years and by 56% in the past 10 years. In addition, house prices in East Lothian (£312,986) are now around 40% higher than the Scottish average (£217,223) but are lagging the Great Britain figure of £344,202. Housing sales have also risen since 1993. For East Lothian, however, there was a dramatic decrease in sales between 2008 and 2009, a symptom of the global financial crisis which was felt across the whole of Scotland.

Figure 33: House Prices, 2004-2022



Source: ONS, 2023

Although increased house prices are often synonymous with economic performance, it does create challenges in terms of housing affordability. East Lothian Council[25] report that 60.2% of households with income within the lower quartile are unable to purchase a property within the lower quartile of house prices. Out of the City Region, only Edinburgh (66.0%) has a higher proportion of households unable to afford a house purchase.

Figure 34 below presents housing affordability ratios for small areas of East Lothian[26]. It has been calculated by dividing the median house prices for each Scottish Data Zone by the median gross annual workplace earnings (£33,257[27]) for East Lothian[28].

The average affordability ratio for Scotland is 5.4 with the majority of Data Zones within East Lothian having a median house price 5-10 times the median gross annual workplace earnings. The average ratio for East Lothian as a whole was 7.1. The most unaffordable areas for a worker on a median salary are some areas in and around North Berwick, Gullane and Drem which have a ratio greater than twenty.

The average house prices in these neighbouring areas in 2022 were approximately £674,000, £723,000, and £939,000 respectively. This was approximately 156%, 174%, and 257% of the median house price for East Lothian[29] respectively. The most affordable areas for the median salary worker in East Lothian are predominantly across the more urban areas of Musselburgh, Pinkie Braes, Prestonpans West, Tranent, Haddington, and Dunbar. The most affordable Data Zone was within Prestonpans, the median house price of which was approximately half that of the median house price for East Lothian.

[25] East Lothian Council Housing Strategy Team, November 2023

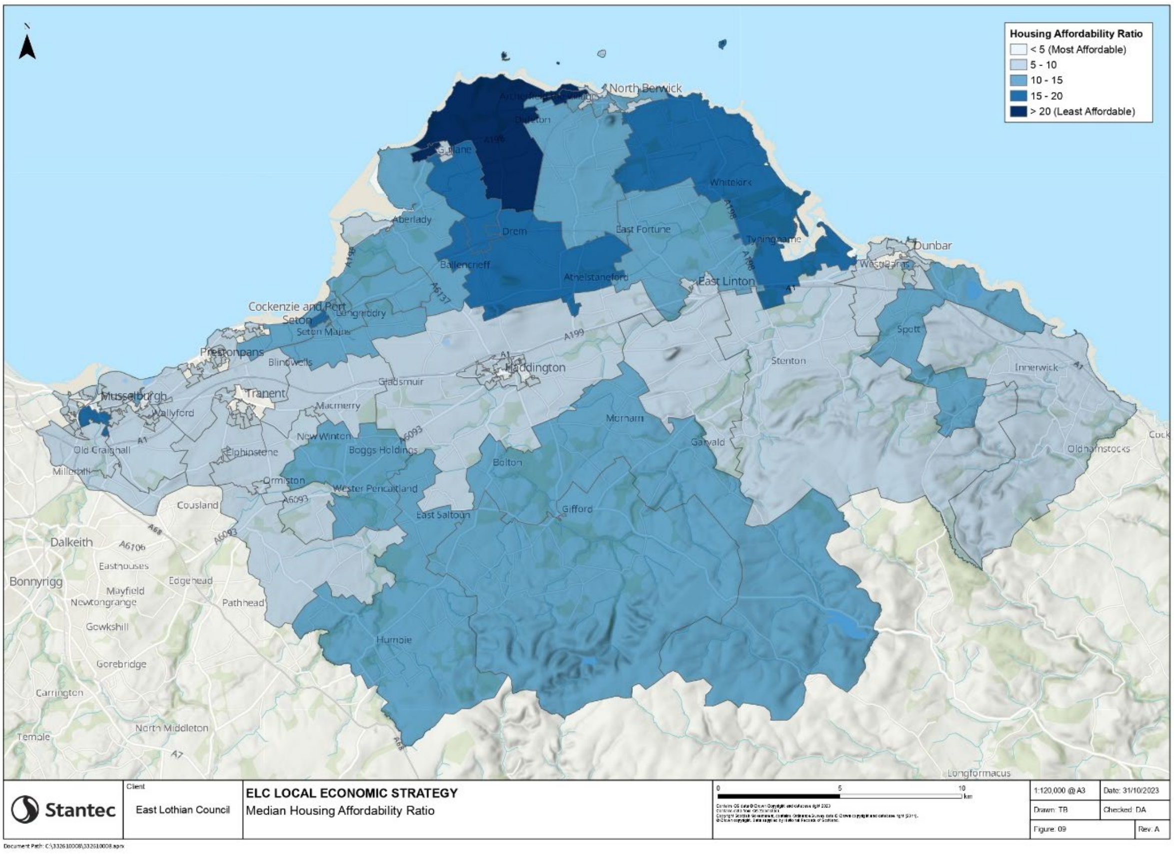
[26] The dataset had missing values for some Data Zones around Musselburgh, Prestonpans, Cockenzie, Tranent and Dunbar

[27] ONS (2022). Annual survey of hours and earnings - workplace analysis.

[28] Median Gross Annual Workplace Earnings were not available at Scottish Data Zone Level

[29] £262,995

Figure 34: Housing Affordability Ratio



Source: Statistics Scotland, Median House Prices for Scottish Data Zones. ONS, Median Gross Annual Workplace Earnings for East Lothian.

Short Term Lets, Second Homes, Empty Homes

There is a pressurised housing market in East Lothian, and a recognised lack of affordable housing. The number of residential properties that are long-term empty, used as seconds homes, or short-term holiday lets reduces the number of homes available for permanent residents.

There is currently limited national data available on short terms lets as the deadline to apply for a licence was October 2023 and the last release of national data was up to June 2023. Data covering second homes and long-term empty properties is more readily available. Table 26 below summarises the available data on short-term let licences, second homes, and long-term empty residential properties.

East Lothian ranks 26 out of 32 local authorities for empty properties (0.97% of properties) and 17 out of 32 for second homes (0.92% of properties). The number of valid short term let licences for secondary letting (letting a property that you do not live in) received by March 2024 for East Lothian was 293 or 0.57%. Over 60% of second homes are in the North Berwick Coastal ward (2019).

Short-term lets require a valid licence to operate after January 2025, so the number of licence applications is likely to rise. It should be noted that a number of these properties will also require planning consent or a certificate of lawfulness to operate as a short-term let where the change of use is considered material. Operators who fail to secure planning consent will not necessarily be declined a license but would be subject to action under planning regulations if they continued to operate.

Table 26: Short Term Lets, Second Homes, Empty Homes

STL Licenses Operational March 2023	**East Lothian**	**Edinburgh City Region**	**Scotland**
Total licenses in operation	40	357	2,085
2022 dwelling estimates	51,409	680,226	2,699,379
Total licences granted per 10k dwellings	7.8	5.2	7.7
Received by March 2024			
Total valid licence apps received	417		
Total granted	228		
Pending Determination	186		
Withdrawn	3		
Refused	0		
Invalid (estimate, not in totals)	*50*		
Total number of secondary lets (houses & flats)	293		
Total licences granted per 10k dwellings	44.4 (0.44%)		
Total licences received per 10k dwellings	81 (0.81%)		
Total secondary lets received per 10k dwellings	**57 (0.57%)**		
Second Homes 2023			
Total	471	5,780	24,061
Second homes per 10k dwellings	**91.6 (0.92%)**	85 (0.85%)	89.2 (0.89%)
Long Term Empty Homes 2023			
Total	498	12,739	46,217
Long-term empty per 10k dwellings	**96.9 (0.97%)**	187.3 (1.87%)	171.2 (1.71%)

Source: Scottish Government, 2023 / ELC 2024

A breakdown of the types of premises proposed as short term lets in East Lothian, based on data from March 2024, is provided in Table 27 below. As detailed, most short term let licence applications received by March 2024 are for self-contained flats and detached houses. Tests within NPF4 Policy 30 will likely result in most flats that share an access, e.g. tenement flats being refused change of use (35 refusals as of March 2024). This will reduce the number of properties available for use as holiday accommodation but may increase the supply of properties for other residential uses or that are used as second homes.

Table 27: Short Term Let, Valid Applications Received, by Premises Type

Type of premises	**Total received as at end of March 2023**	**Total received as at end of March 2024**
Detached House	12	102

Semi-detached house	5	58
Terraced House	5	55
Self-contained flat	17	172
Unconventional Dwelling	8	30
Total Applications	47	417

Source: Scottish Government, 2023/ ELC 2024 https://www.eastlothian.gov.uk/downloads/download/13715/short-term_let_public_register

7.4 Commercial property and employment land

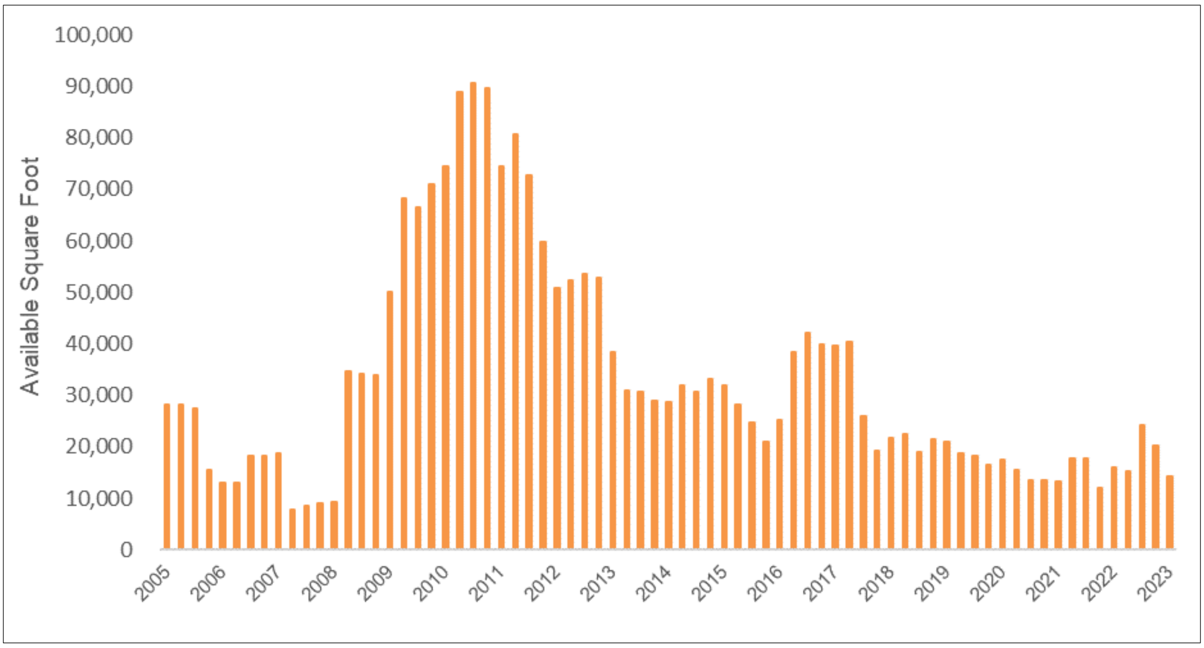
Table 28 presents an overview of the commercial property trends in East Lothian for office, retail, and industrial uses. The 1-year trends showed that East Lothian had a lower vacancy rate than the average for Scotland, especially regarding office use real estate, with a vacancy rate less than half of the national average. Office use also recorded the highest market rent per square foot, a trend typically indicative of their urban location; this also outperformed the average for Scotland. It was noted that the market rent per square foot in retail space was lower than the national average by over £3.00. The 10-year average shows that vacancy rates across all uses was broadly consistent with the average for the previous year, however, market rents increased notably for office and industrial real estate.

Table 28: Employment Land Summary

	All Use	Office	Retail	Industry
		East Lothian		
Vacancy Rate 1-Year Average	2.84%	2.29%	3.22%	2.83%
Vacancy Rate 10-Year Average	2.53%	2.37%	2.72%	2.48%
Market Rent per sqft 1-Year Average	£12.13	£17.47	£14.15	£8.14
Market Rent per sqft 10-Year Average	£10.76	£15.25	£13.78	£6.45
		Scotland		
Vacancy Rate 1-Year Average	**5.69%**	**6.36%**	**3.71%**	**4.98%**
Market Rent per sqft 1-Year Average	**£13.72**	**£11.24**	**£17.32**	**£5.10**

Figure 35 displays a timeseries for the availability of office use employment land in East Lothian from Q4 2005 to Q4 2023. This covers the total amount of space that is currently being marketed as available for lease or sale in a given time period; including any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. Over the last ten years there has been a general decline in the availability of office space in East Lothian, which could partially explain the high rent per square foot in this land use.

Figure 24: East Lothian Office Use Employment Land Availability Timeseries



Source: CoStar, 2023

In 2021 Ryden undertook a Commercial Needs Study[30] in East Lothian to identify future capacity for growth in the area. Findings are consistent with the above CoStar analysis in that vacancy rates are reported to be very low. The study found that industrial property comprises largely of small buildings with limited potential for adaption or expansion. The industrial vacancy rate at the time of writing was also exceptionally low at 0.6% (only 3 properties). Office space was reported to be functional and affordable for local businesses but not necessarily attractive for wider investment. The office space vacancy rate is comparatively low at between 3.5% and 7.0% at the time of writing.

Information provided by East Lothian Council, presented in Table 29 shows a total of 229 hectares of employment land across the borough, of which, 59% is currently undeveloped. The largest proportion (35.1%) of employment land (80.4 hectares) is located in Musselburgh, followed by Tranent (70.2 hectares), accounting for 30.6% of East Lothian's total employment land. Musselburgh also accounts for the largest proportion (37.9%) of undeveloped employment land (51.7 hectares) in East Lothian. However, the largest proportion of undeveloped land on a settlement basis is located in Haddington (67.4% of employment land is undeveloped) and Dunbar (66.5%).

[30] Ryden, 2021. East Lothian Council – Commercial Needs Study: Office and Industrial

Table 29: Availability of Employment Land by Settlement

		Area (Ha)	
Settlement	**Name**	**Developed**	**Undeveloped**
Musselburgh	Craighall North West of QMU	-	21.5
	Craighall South West of QMU	-	20.0
	Old Craighall Junction South West	-	5.0
	Old Craighall Junction North	-	5.0
	Newhailes Industrial Estate	6.3	0.2
	Fisherrow Industrial Estate	1.7	-
	Inveresk Industrial Estate/Eskmills	9.0	-
	Wallyford Industrial Estate	3.3	
	Olivebank	4.4	-
	Kirk Park, Inveresk	4.0	-
Prestonpans	Mid Road Industrial Estate	4.1	-
	Whin Park/Cockenzie Business Centre	1.4	-
	Mid Road Industrial Estate West	1.0	-
Blindwells	Blindwells Employment Allocation	-	10.0
Tranent	Windygoul South West	-	8.6
	Kingslaw	-	4.4
	Macmerry Business Park East	-	15.0
	Macmerry Business Park	20.6	-
	Macmerry Business Park - Greendykes	-	5.8
	Fleets and Charles Rivers	15.8	-
Haddington	Gateside East	-	1.0
	Gateside West	-	5.3
	Peppercraig East	-	7.0
	Hospital Road	2.7	1.5
	Pure Malt, Whittingehame Drive	1.9	-
	Peppercraig Quarry	0.6	-
	Alderston	1.8	1.5
	Tyne Close	0.2	-
	Station Yard	0.7	-
Dunbar	Spott Road	8.0	-
	Spott Road	-	21.6
	Beltonford, West Barns	1.7	-
	Dunbar Road, East Linton	1.1	-
	Industrial Estate, East Linton	0.6	-
	Auction Mart, East Linton	-	1.0
North Berwick	Tantallon Road/Mill Walk	2.0	-
	Tantallon Road South	-	1.0
	Mains Farm	-	1.0
Total		**92.9**	**136.4**

8 Visitor Economy

Key findings

- In 2022, a total of 1.22m tourism visits were recorded in East Lothian, generating £225m in direct expenditure.
- The majority, 84% of visitors stay for at least a one-night stay and 36% stay in serviced accommodation. Whilst more visitors stay in serviced rather than non-serviced accommodation, growth in non-serviced accommodation has significantly outperformed serviced accommodation in recent years.
- The largest proportion of visitors were aged between 55 and 64 years (30%); 64% came from within Scotland, and 32% came from the rest of the UK. Residents of Edinburgh alone made up 25% of visitors.
- Visiting the seaside was the most popular activity among visitors with 64% visiting North Berwick, 24 percentage points more than the next most popular town, Dunbar.

Visitor numbers have nearly returned to pre pandemic levels (1.37m in 2019) at 1.22m visits in 2022[31], representing a 36% increase from 2021, demonstrating tourism remains important for the area and it is now growing strongly. Direct expenditure from all tourists has also recovered growing 58% to £225m in 2022. The sector now supports 4,124 jobs.

Examining the market share of the different visitor types, Figure 36 shows staying visitors made up 84% of the tourist spend in East Lothian in 2022. Most visitors stay in serviced accommodation, which was 36% of the total market revenue in 2022.

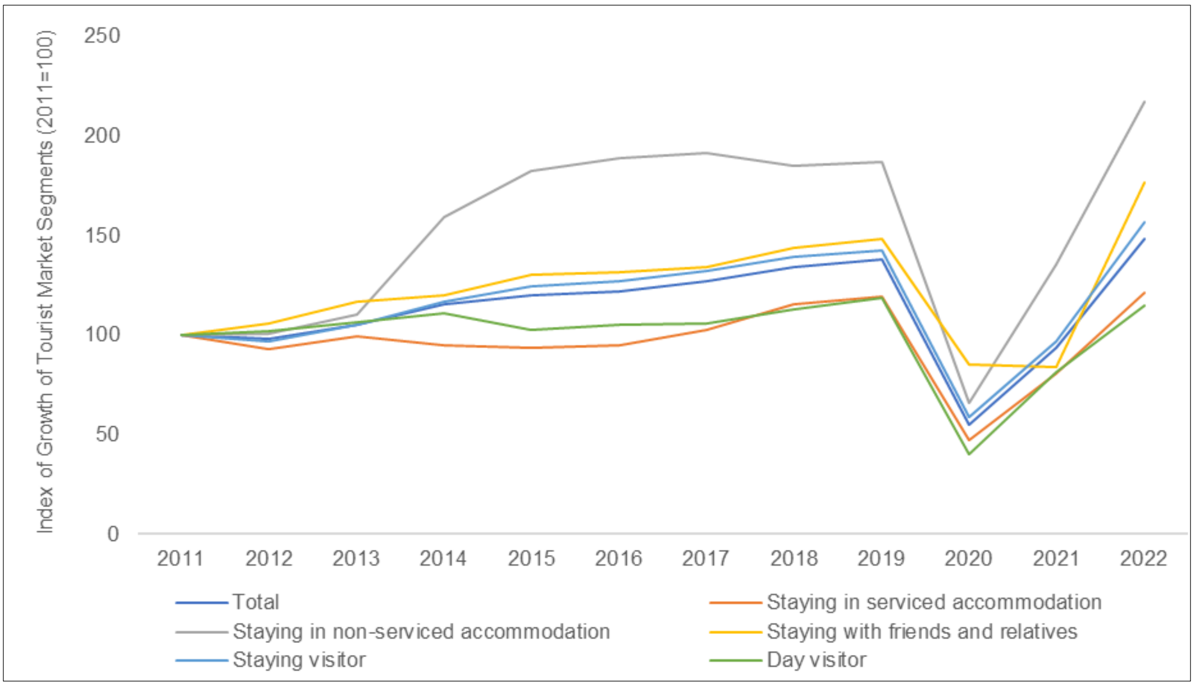
Figure 256: Market Segments % of Total Revenue, East Lothian, 2022.

Source: East Lothian STEAM, 2022

[31] *Source: Global Tourism Solutions STEAM Model. This figure fell significantly during the COVID-19 outbreak*

Figure 37 shows the change of these market segments from 2011 to 2022. There is a clear drop in the whole tourism sector as result of the pandemic in 2020, but the chart shows recovery is taking place over all market segments. Whilst visitor expenditure is greater on serviced rather than non-serviced accommodation, growth in non-serviced accommodation has significantly outperformed serviced accommodation. Since 2019, visitor spend on non-serviced accommodation has increased by 16.0% compared to 1.5% in serviced accommodation.

Figure 267: Market Segments Growth, East Lothian, 2011-2022



Source: East Lothian STEAM, 2022

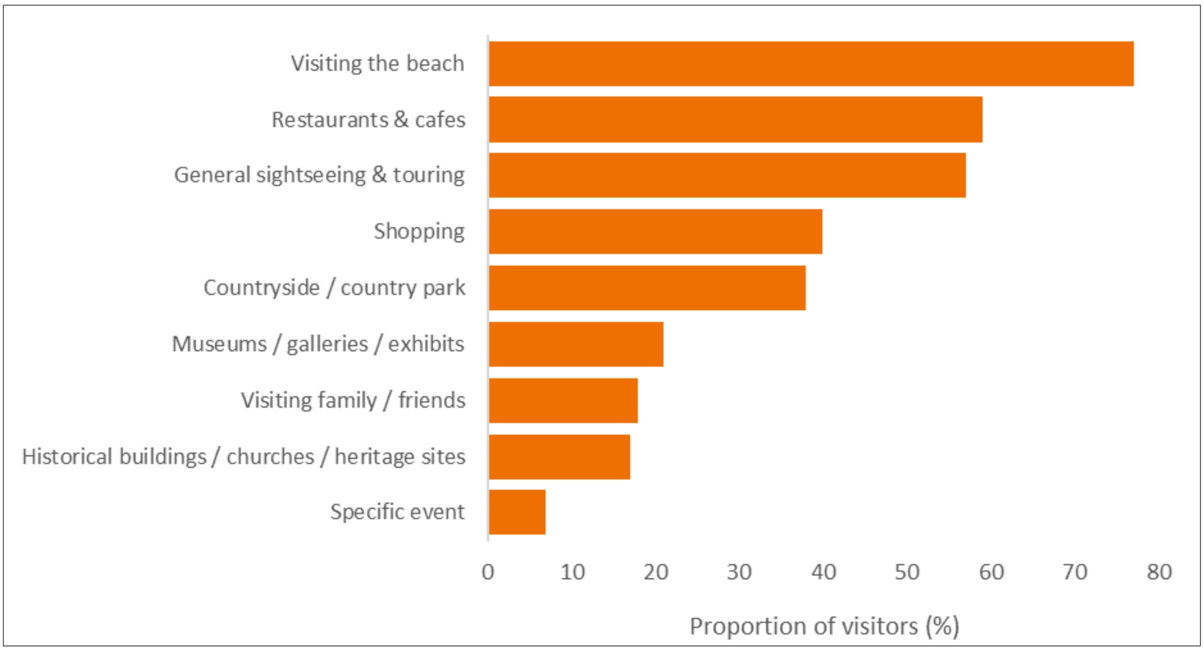
The East Lothian Visitor Survey[32] (2021) provides the following profile of visitors to East Lothian:

- The largest proportion of visitors are aged 55–64 (30% of the visitors) while 25–34-year-olds only accounted for 10%.
- In terms of visitor origin, 64% of the visitors came from within Scotland, 32% from the rest of the UK, and only 2% came from overseas. Edinburgh residents alone made up around 25% of all visitors. In terms of overseas tourists, the United States, Netherlands, and Canada had the highest representation, in that order, with the United States accounting for half of all overseas visitors.
- Approximately 60% of visitors to East Lothian booked and planned their trip at least one month prior to arriving. This displays how year-round information could help to boost the number of visits to the area. It was extremely unlikely for visitors to not book in advance assisting with business planning in the region.
- Online and physical media were important sources of information for tourists, 61% of visitors accessed information before their trips and 51% during their trip.
- Visiting the beach was by far the most popular activity undertaken by visitors to East Lothian, followed by going to restaurants & cafes, sightseeing & touring, and shopping.

[32] The visitor survey was undertaken in the period of the COVID-19 pandemic and results are therefore to be impacted by post-pandemic visitor behaviours and the inability to travel overseas.

- Over half (54%) of sampled shoppers reported visiting farm shops during their visit, highlighting the importance of local produce to the East Lothian visitor market.
- In terms of geography, North Berwick was the most visited town in East Lothian – 64% of tourists visited; followed by Dunbar (40%) and Gullane (38%). The most popular, and free, attraction visited was the John Muir Way (17%). Second was the Scottish Seabird Centre located in the most visited town of North Berwick near the beaches and the most visited paid for attraction.

Figure 278: Most Popular Activities Undertaken by Visitors.



Source: East Lothian Visitor Survey, 2021

- Overall, visitor satisfaction was relatively high with 72% saying they would recommend East Lothian to a friend. Less than 1% said the trip was worse than they expected. The variety of attractions and welcome provided by locals were rated the highest by tourists surveyed. Visitor satisfaction is comparable with 2018 and 2015 levels and an improvement on earlier surveys.
- Caravan parks and camping (33%) were the most popular type of accommodation for overnight visitors, followed by rented accommodation (24%), hotels (19%), staying with friends or relatives (16%) and Airbnbs (6%). The average spend per day was found to be £63.54.
- The most prominent visitor segments are those interested in wildlife and nature. Active Explorers and Rural Relaxers contribute to 42% of all tourists with both groups mainly coming to East Lothian for nature and wildlife. Sightseers also contribute heavily to the tourism sector at 18%, often made up of families.

9 Strategic Overview

9.1 Introduction

Policy decisions of national, regional and local partners have an influence on East Lothian and how it operates. It is therefore important to consider the most significant policy agendas and how they align with the East Lothian Local Economy Strategy.

9.2 Key strategies and policies

The East Lothian Local Economy Strategy cannot be delivered in isolation, and the vision, objectives and actions identified in the strategy will need to align with a variety of existing strategy and policy documents. The key national, regional and local strategies are summarised in this section below.

United Kingdom

Supporting the economic growth and productive capacity of the UK remains a government priority and East Lothian's Local Economy Strategy must reflect these national level priorities through its delivery.

- **Levelling Up White Paper (2022):** This strategy recognises that, despite the UK's modern and well-developed economy and advanced society, not everyone shares equally in the UK's success. Levelling Up is about giving everyone in the UK the opportunity to flourish and reducing geographical inequality. The Local Economy Strategy for East Lothian reflects this ambition and will create greater opportunity for individuals to flourish in East Lothian and contribute to reducing spatial inequality.

- **Powering Up Britain (2023):** This document provides the Government's blueprint for the future of energy in the UK based on a diverse, decarbonised and domestically produced energy supply. It promotes investment in renewable energy and nuclear to power Britain from Britain. Green energy is at the forefront of this approach, with potential for innovative new forms of energy production and a greater reliance on hydrogen as a fuel of the future. East Lothian has been a key part of Britain's energy past and will be integral to Britain's energy future. This Strategy provides opportunity for training and skills development to support the renewable energy technology and further opportunities for hydrogen production could arise in future.

- **NDA Local Social and Economic Strategy (2020):** The NDA is charged with cleaning up nuclear sites safely, securely and cost effectively. Decommissioning activities are carried out with the intention of providing benefit to local and host communities and providing a positive legacy once the NDA's work is completed. The NDA sets out two ways to deliver this strategy – taking local factors into consideration including its large procurement pipeline; and it can provide grants to fund local organisations with specific social, economic and environmental projects. Alignment with the Local Economy Strategy could occur in several ways. Through CWB linked to the procurement programmes for decommissioning and the grant funding to local organisations and projects.

Scotland

Scotland has an ambitious set of policies and plans that seek to bolster economic growth and prosperity. The Local Economy Strategy will need to embed the core principals and pathways to success highlighted throughout Scottish Government policy.

- **National Strategy for Economic Transformation (2022):** The strategy aims to help transform the Scottish economy by 2032 to create a well-being society thriving across economic, social and environmental dimensions. The key objectives are reducing child poverty, equitable growth, and a push towards fair work and net zero ambitions. A key link between this strategy and the East Lothian economy is the expansion of renewable energy. Scotland currently has a renewable energy capacity of 12 Giga Watts (GW), and it has ambitions to expand this by an additional 26GW in onshore and offshore wind generation. East Lothian can take advantage of this strategy and re-establish itself as a major producer of energy.

- **Building Community Wealth Consultation (2023):** The consultation paper acknowledges that the principles of a wellbeing economy cannot be achieved through simply redistributing a portion of the wealth created. They need to be hard-wired into East Lothian to develop the regional economy and that Community Wealth Building can help us achieve that. The consultation explores new powers, abilities and duties that can enable local authorities, public bodies, wider community planning partners and Regional Economic Partnerships to have more individual and collective influence in taking action to support CWB. Throughout this strategy, East Lothian looks to embed the concept of CWB, as detailed in full in Section 11, as a core principle throughout the objectives, actions and monitoring indicators.

- **National Planning Framework 4 (NPF4 2023):** Scotland's guidance on national planning policy and priority developments, the document's vision is underpinned by the four overarching priorities of reducing inequality, tackling climate change, delivering inclusive economic growth and improving the health and wellbeing of residents. The Framework specifically mentions the opportunity to fulfil net zero ambitions and increase employment by redeveloping the former Cockenzie Power Station site, potentially by utilising existing infrastructure by repurposing them. The framework also mentions potentially expanding the new Blindwells settlement in a sustainable fashion by connecting it to the net zero ambitions of Cockenzie.

- **Housing to 2040 (2021):** Scottish Government's vision for housing in Scotland to 2040 and a route map to get there. It aims to deliver the ambition for everyone to have a safe, good quality and affordable home that meets their needs in the place they want to be. The route map acknowledges the changes that need to be made so that the housing system can provide better access to affordable and good quality homes for everyone. The Local Economy Strategy will adopt a place-based approach. The strategy recognises the unique challenges and opportunities of housing in East Lothian to ensure that places and homes work together to benefit local communities.

- **No One Left Behind: Delivery Plan (2020):** Scottish Government's strategy for placing people at the centre of the design and delivery of employability services, promotes a strengthened partnership approach where the spheres of government work more collaboratively with third and private sector to identify local needs and make informed, evidence-based decisions, flexing these to meet emerging labour market demands. Throughout this strategy, East Lothian looks to upskill and create greater opportunity for individuals and to prepare the regional workforce for the future.

- **Skills for a Changing World (2022):** The new five-year strategic plan for Skills Development Scotland, the key objective being facilitating and supporting the evolution of Scotland's approach to education and skills and enabling a more dynamic response to rapid changes taking place within the labour market, society, and the Scottish economy. The policy aligns with East Lothian's need for a dynamic shift in the kinds of skills developed locally to keep pace with industrial needs, with one of the focuses of this Strategy being tourism and energy.

- **Scotland Outlook 2030: Responsible Tourism for a Sustainable Future (2020):** This document sets out a bold new approach for tourism to act positively in the common interests of Scotland's communities, businesses and visitors. It recognises that tourism and tourists have changed in response to changes in technology, society, and consumer behaviour. A focus on the sustainability of Scotland's assets and the social contribution and economic benefits will be critical to tourism's success in the future where sustainable growth is about increased value for all. East Lothian's visitor economy is an integral part of the local economy and opportunities to support its growth aligned to the Scotland Outlook 2030 are central, particularly in supporting business growth, skills development, job creation and multiplier effects but also so that revisitation is a key feature of the local visitor economy.

- **Ambition 2030 – Scotland Food and Drink Strategy (2018):** A growth strategy for farming, fishing, and food & drink. Three themes are set out to deliver growth delivered collaboratively and these are: people and skills; supply chain; and innovation. With 27,000 new job opportunities on the horizon, it is imperative that skills and training programmes are in place for new entrants and also for leaders in the sector who can deliver growth. Supply chains should be better connected, particularly between the primary and processing sectors and with deeper, mutually beneficial and profitable supply chains that stretch from farm to fork and sea to shelf. Underpinning everything will be a more innovative approach and culture delivered through research and development, product development, improved processes and technologies, better use of data and better management models. In East Lothian, the Local Economy Strategy will be supporting skills, training and employment growth in this sector and will be responsive to other opportunities around innovation as they arise.

- **Just Transition – A Fairer, Greener Scotland (2021):** Places Scotland at the forefront of the green revolution. It is an ambitious approach to deliver an equitable and fair future economy that is climate resilient and integral to a net zero future. The transition will require equipping people with the skills and knowledge they need, spreading the benefits of the transition widely, involving those who will be impacted through co-design and collaboration, making sure the least able to pay are not burdened with extra costs and making sure nobody is left behind. This national mission for a fairer, greener Scotland is reflected in the ambition of the Local Economy Strategy and the two should be mutually reinforcing as society makes its way through the transition to a net zero world.

- **Scottish Agritourism – A Strategy for Sustainable Growth (2030):** The strategy seeks to ensure that Scottish Agritourism has a long-term sustainable future that delivers a high quality, authentic visitor experience with agriculture and food & drink at its core. It hopes to sustain the future of family farms in Scotland that are contributing to the rural economy and are positioning Scotland as a key player in global agritourism. The Local Economy Strategy indicates the Council's plans to work with the sector to promote and advise those already operating or interested in diversifying into agritourism.

- **Scotland's Third Land Use Strategy (2021–2026):** The Land Use Strategy sets out the Scottish Government's long-term vision for sustainable land use in Scotland, objectives and key policies for delivery. Scottish Ministers are required by law to produce a Land Use Strategy every five years and the first Strategy was published in 2011. East Lothian's Local Economy Strategy provides an ambitious vision that sees regional land use focus on sustainable and productive development.

- **National Improvement Framework and Improvement Plan (2023):** Sets out the vision and priorities for Scottish education that have been agreed across the system, and the national improvement activity that needs to be undertaken to help deliver those key priorities. That information can then be used to support and inform improvement planning at regional, local authority and school or early years' level. The vision for education in Scotland is one of excellence and equity through raising attainment and improving outcomes. The Local Economy Strategy is in alignment with this vision in empowering young people to achieve positive school-leaver destinations and in preparing for the future of East Lothian.

- **COSLA Plan (2022-2027):** The plan outlines the vision and priorities for Local Government and Communities across Scotland. Six priorities are identified within the document; secure sustainable funding; improve wellbeing; support the most vulnerable; strengthen local democracy; enhance education and support for young people; deliver a just transition to a net zero economy. The development of the Local Economy Strategy is consistent with the extensive ambitions of the Plan. The core principals of the Strategy surround delivery that is sustainable and fair, that builds community wealth and contributes to the net zero transition.

- **Place and Wellbeing Outcomes (2024):** The Place and Wellbeing Outcomes provide Scotland with a consistent and comprehensive focus for where place impacts on the wellbeing of people and planet. Local Authorities can ensure they have a joined-up approach to place by embedding the outcomes as part of the decision-making process in policy and implementation. The Local

Economy Strategy's contribution to movement, space resources, civic and stewardship in East Lothian will reinforce the ambition and focus of the Place and Wellbeing Outcomes.

- **Fair Work First Guidance (2023):** The guidance is the Scottish Government's flagship policy for driving high quality & fair work and workforce diversity across the labour market in Scotland by applying fair work criteria to grants, other funding and public contracts being awarded by and across the public sector, where it is relevant to do so. Through this approach the Scottish Government is supporting employers who adopt fair working practices. The Local Economy Strategy has been developed to support fairness and equality throughout the workforce and to invest in and support workforce development.

Edinburgh & South East Scotland City Region

Edinburgh & South East Scotland represents a unique and invaluable region of Scotland, and as the overarching region for East Lothian, appropriate alignment with the region's strategies and ambitions is imperative to the success of the Local Economy Strategy.

- **Regional Prosperity Framework (2021-2041) and Delivery Plan:** The framework was published in 2021 and is a statement of joint economic vision, ambition and priorities for South East Scotland. It was developed by the Edinburgh & South East Scotland Region Deal partners, and sets out a vision for the region to be a 'globally competitive, inclusive and sustainable economic powerhouse'. The delivery plan followed the framework in March 2023 and sets out an ambitious and dynamic series of four key priorities, namely, green regeneration, infrastructure for recovery & prosperity, visitor economy & culture, and data-driven innovation economy. East Lothian is well-placed to benefit due to its growing manufacturing, energy, tourism, creative, and food & drink sectors. In alignment with the Local Economy Strategy's ambitions, the framework and delivery plan provide an avenue for East Lothian to work with its partners to attract investment, create jobs and implement its net zero ambitions and community wealth building ambitions.

- **Interim Regional Spatial Strategy for Edinburgh & South East Scotland City Region (2021):** This strategy provides a spatial representation of the key regional land use issues and opportunities that need to be addressed. The strategy provides a framework to support right developments in the right place, particularly where they increase opportunities for the region's businesses, people and communities. As a key component of the City Region, East Lothian and the Local Economy Strategy will work individually and in partnership to ensure that growth occurs while ensuring the protection and enhancement of the regions important environmental and culture assets.

- **SEStran 2035 Regional Transport Strategy (2023):** A long-term plan for transport in the South East of Scotland, covering the eight local authorities of the City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, the Scottish Borders, and West Lothian. Some of the key features of this strategy include a focus on active travel and public transport, with the aim of reducing car use and making it easier for people to travel without a car; investment in new and improved infrastructure, such as cycle lanes, bus lanes, and railway stations; promotion of sustainable freight transport options, such as rail and waterborne transport, and support for the development of new technologies, such as electric vehicles and Mobility as a Service (MaaS). The Strategy is expected to benefit East Lothian's transport provision in a number of ways; reduced congestion, improved access to jobs and education, and increased access to active travel and recreation being major points. For example, it includes a commitment to invest in the rail line in East Lothian, which will improve journey times. It also supports the development of new cycle lanes and pedestrian footpaths in East Lothian, which will make it easier and safer for people to travel without a car.

East Lothian

Alignment and consistency with the Local Authority's existing and emerging plans and policies will ensure the Local Economy Strategy focuses on the outcomes that East Lothian most wants to achieve.

Published documents:

- **East Lothian Council Plan (2022-2027):** A five-year plan that outlines the Council's vision for East Lothian. The plan is based on three core objectives: recovering from the pandemic by investing in regeneration and a sustainable future; supporting communities to deal with the growing levels of poverty and inequality; responding to the climate emergency and meeting Net Zero targets. The plan also sets out thematic objectives, such as increasing sustainable and inclusive growth as the basis for a more prosperous East Lothian; giving children the best start in life and protecting the vulnerable and the elderly; giving communities a say in decisions that affect them; and building resilient and sustainable services.

- **East Lothian Council Improvement Plan 2018-2023:** A plan that sets out the Council's priorities for improving its performance and services. The improvement plan focuses on workforce planning, employee performance and development, wellbeing and recognition. The Local Economy Strategy creates a new opportunity for the Council to focus on improving its internal operations and ensure it delivers for both the Council and the area it represents.

- **East Lothian Council Local Development Plan (2018):** This Local Development Plan (LDP) sets out the Council's planning strategy and policies to help stimulate, guide and manage future development within East Lothian. It is a site-specific plan that contains proposals that show where the Council wants to stimulate development as well as the policies it will use to manage development in East Lothian. Although LDP2 will shortly supersede the 2018 Local Development Plan, the Local Economy Strategy will ensure consistency with the approaches and measures detailed in the LDP to help ensure East Lothian is an outstanding place to live, work and do business.

- **East Lothian Procurement Strategy (2023):** Sets out the Council's approach to procurement. The strategy includes a commitment to use social value criteria in procurement decisions. This will help to ensure that the Council's procurement spending supports local businesses and communities. The Local Economy Strategy is in alignment with this approach to procurement and supports the development of new and innovative procurement practices, such as e-procurement and dynamic purchasing systems.

- **East Lothian Poverty Plan (2021-2023):** Sets out the Council's priorities for reducing poverty and inequality in East Lothian. The plan is aligned with the Scottish Government's National Strategy for Economic Transformation. Focuses on early intervention & education, supporting families & children, housing & homelessness, employment & training, and supporting people with disabilities to reduce inequality & poverty in the council area. The plan is expected to benefit all residents of East Lothian, regardless of their background or circumstances. By reducing poverty and inequality, the plan will help to create a more just and equitable society for everyone. For example, the plan includes a commitment to invest in early years education and childcare. The Local Economy Strategy will support this and help to ensure that all children have the best possible start in life, regardless of their background.

- **East Lothian Way:** A set of values and behaviours that East Lothian Council aims to live by. It is designed to help the Council achieve its vision for a more prosperous, safe, and sustainable East Lothian. The ethos behind the East Lothian Way leads to a collaborative work culture, where council staff and members are expected to take responsibility for their actions, where customer needs are focused on, and which opens the avenue for innovative ideas to flourish. The Way's commitment to putting customers first is expected to lead to improved customer service. The focus on innovation is expected to lead to more efficient and effective services and, the commitment to accountability is expected to lead to a more transparent and accountable Council.

- **East Lothian Equality Plan 2021-2025:** Sets out the Council's priorities for promoting equality and diversity in East Lothian. The Plan's vision is for “an East Lothian where everyone is treated with respect and dignity, and where everyone has the opportunity to reach their full potential.” The Plan focuses on equality and diversity in the Council, both within its workforce and in the services it provides. Further, it is aimed at reducing inequality and discrimination, while promoting understanding and respect between different groups in East Lothian. The Plan's focus on early intervention and prevention in conjunction with the Local Economy Strategy is expected to help to reduce the number of people who experience inequality and discrimination.

- **East Lothian Active Travel Improvement Plan (2018-2024):** Five-year plan that sets out the Council's priorities for improving and promoting active travel in East Lothian. The plan's vision is for East Lothian “to be a place where everyone can choose to walk or cycle for their everyday journeys, safely and confidently.” The Plan aims to improve the infrastructure that promotes active travel, followed by encouraging people to walk and cycle more. The Plan also aims to support the education of people on the benefits of active travel.

- **East Lothian Local Transport Strategy (2018-2024):** Sets out the Council's approach to providing for clean, green and safe travel patterns across East Lothian and beyond. The strategy aligns with the aims of the Active Travel Improvement Plan in that they both focus on active travel improvements, while focusing on reducing the reliance on cars in East Lothian. Moreover, the commitment in the Strategy to making travel more accessible for everyone will help to ensure that everyone in East Lothian has equal access to opportunities and services. The collective focus on improving safety on East Lothian roads will help to reduce the number of accidents and injuries.

- **East Lothian Climate Change Strategy (2020-2025):** The strategy sets out the Council’s vision and overall aims for a Net Zero Council, and a Carbon Neutral East Lothian. It sets out what the Council will do over the next 5 years towards achieving these overall aims, and the specific targets and actions which will help progress towards achieving net zero. It focuses on both climate change mitigation and adaption. Through the Local Economy Strategy, East Lothian is exploring options in the decarbonisation of energy, rail and gas networks. Other activities surrounding under-utilised assets are also being explored in commitments to address climate change.

- **East Lothian Visitor Management Plan (2022):** A shared statement of intent to recover and to do things differently. It recognises that the right structures and partnerships need to be in place to drive recovery and adaptation. The Plan is evidence based and identifies how the full range of East Lothian Council’s policies and services can both support the visitor economy and be supported by it. The Local Economy Strategy shares the mutual ambition of developing the visitor offer and economy in East Lothian.

Documents currently under development:

- **East Lothian Local Development Plan (LDP2):** The next local development plan is currently in the early stages of development, where public consultations to collect evidence occurred at the same time as the consultations for this evidence paper. Therefore, the document is likely to align in strategy to some extent with the Local Economy Strategy being developed as a consequence of this evidence paper.

- **East Lothian Community Wealth Building (CWB) Action Plan:** East Lothian Council has recently developed a draft CWB action plan which aligns to and complements the East Lothian Local Economy Strategy. This includes a range of specific CWB actions that have been developed in response to the CWB audit, as detailed in section 11 of this evidence paper. In addition, the accompanying delivery plan for the Local Economy Strategy includes specific CWB focused actions that are relevant to realising the ambitions of this Strategy.

- **East Lothian Local Heat and Energy Efficiency Strategy (2023):** The strategy sets out East Lothian Council’s long-term vision for improving energy efficiency and decarbonising heat in both domestic and non-domestic buildings. Primarily, this is driven by Scotland’s statutory targets for greenhouse gas emissions (Net Zero by 2045 and 75% reduced by 2030) and fuel poverty reductions (no household in fuel poverty by 2040, as far as reasonably possible). The strategy can potentially hold CWB benefits, as the building and maintaining of heat network and heat pump zones will necessitate the supply of workers to sustain and install the infrastructure. If the plans were to involve community ownership, as envisioned, the revenue would more likely be reinvested into the local economy. There is an opportunity for those upskilled from East Lothian to create and maintain the network then use the expertise to provide economic opportunities to the district in the long term.

- **East Lothian Local Housing Strategy (2024-2029):** The Local Housing Strategy considers the present and future housing needs of East Lothian's population. It recognises the delivery of new housing contributes towards the economy through investment in materials and labour, and increased spending within the local area. The Local Economy Strategy has a focus on improving the housing situation in East Lothian and the aligning the location of investments to areas of need.

- **East Lothian Tree and Woodland Strategy:** The strategy sets out East Lothian's long-term vision for trees and woodlands, including their creation, conservation, sustainable use, and how developers and planners must treat trees within their development zones. Section 8 of the document deals with the economy around trees and woodlands. This supports continued production of wood and wood fibre from existing productive woodland, as well as expansion of productive hardwood (which is broadleaf). The strategy also supports ancillary forestry business and sustainable agriculture through support for woodland where this complements and improves agricultural production. It shows the limitations of woodland expansion in the council area due to the presence of prime agricultural land. The strategy also supports woodland related agricultural diversification and sustainable tourism. The Local Economy Strategy will also explore opportunities to closer align East Lothian's independently managed woodlands with the production line.

- **East Lothian Biodiversity Action Plan:** The plan is currently in development and is anticipated to be available for consultation by Summer 2024. East Lothian Council is actively working with key stakeholders to identify priorities (habitats, species and projects) for action and consider how to translate the Scottish Biodiversity Strategy at a local level. The first level of engagement is with key stakeholders and includes Council services directly involved with land management and planning, environmental NGOs, local community groups and landowner representatives. The second phase of engagement will include wider Council services, developers, special interest groups and other land managers followed by wider public consultation. The current proposal is to create a spatial strategy which includes actions for biodiversity, and priority locations for nature recovery. Consideration is to be given to ecosystem services, the support delivery of biodiversity enhancements in line with NPF4 and to identify local priorities for funding and investment to deliver climate and nature outcomes. The Local Economy Strategy is in support of improving biodiversity and ensuring the region's economic development does not occur at the expense of the natural environment.

- **East Lothian Poverty Plan (2024-2026):** The plan will continue to take an early intervention and prevention approach to poverty that is based on supporting East Lothian residents through access to jobs and money as well as education, housing and health support. Other actions around transport, childcare, climate change and access to money will all be key to the ongoing poverty plan. Through development of the Local Economy Strategy, East Lothian will seek to offer more and better choices to those facing poverty in a way that is free from stigma and shame.

- **Motion to East Lothian Council: Declaration of Nature Emergency (2023):** Following the Council declaration of a Climate Emergency in 2019, the Council have declared a Nature Emergency recognising the state of nature, its inherent value, and the crucial role its recovery & restoration will play in realising climate targets. The Local Economy Strategy has been developed to support and enhance the natural environment across East Lothian. The strategy also supports woodland related agricultural diversification and sustainable tourism.

Local Areas

Further subregional plans already in operation in East Lothian are guiding the direction of development within local areas. The Local Economy Strategy is in accordance with the following local area visions.

- **Area Partnership Area Plans:** the Plans cover the 6 area partnerships in East Lothian and act as the local voice of community planning and strengthen the links between communities, area-based services and the East Lothian Partnerships. Key priorities of the Area Plans are detailed below:
    - **Dunbar and East Linton**: the three priority themes surround prosperity, community-mindedness and fairness.
    - **Fa'side**: the three strategic objectives surround a sustainable economy, resilient people and safe and vibrant communities.
    - **Haddington and Lammermuir**: the vision is to make life better for everyone who lives, gets around, works and visits the Haddington and Lammermuir area.
    - **Musselburgh**: the focus is on reducing the impact of poverty and inequalities and to make Musselburgh a great place to live, work and do business in.
    - **North Berwick Coastal**: the area priorities include the local economy, the environment, inclusivity and ensuring access for all.
    - **Preston Seton Gosford**: there are 19 priorities within the three overarching area themes: prosperous, community-minded and fair.

The Local Economy Strategy is in alignment with the visions and objectives of the Area Partnership Areas Plans as they all endeavour to achieve a more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy.

- **Local Place Plans**: These plans are community-led documents that lay out aspirations for local development and land use. Some community councils within East Lothian, namely, East Lammermuir, Dunbar, North Berwick, Pencaitland, Dunpender, Gullane area and Musselburgh, have indicated that they will be preparing new local place plans. Plans are to be delivered in the future, however, the themes and details of these are not currently known, and they will not be published earlier than 2024.

10 Stakeholder Priorities

10.1 Introduction

This strategy builds on extensive stakeholder engagement activity including:

- **Strategy workshops and ongoing engagement:** the consultancy team engaged with and facilitated workshops with the following groups:
    - **Connected Economy Group:** the consultancy team has met with the Connected Economy Group on five occasions (at their March, June August, and December 2023, and February 2024 meetings) to update them on progress and to seek their inputs into the development of the strategy.
    - **East Lothian Council Economic Development Department:** the consultancy team has met with representatives of the Council's Economic Development Department on a weekly basis since February 2023.
    - **Council Management Team:** the consultancy team met this team on 20th October 2023 to update them on progress and to seek their advice on the development of the strategy.
    - **Elected Councillors:** the consultancy team facilitated workshops with elected Councillors in October 2023 and January 2024. They also took questions on the strategy as part of the Policy and Performance Review Committee's meeting on 21st October.
    - **Community Wealth Building Group:** a group was convened to develop an East Lothian CWB Action Plan, to discuss the CWB elements of the Local Economy Strategy and to ensure CWB became a golden thread. It met on five occasions on the 29th June, 4th August, 11th September, 2nd November 2023 and 1st February 2024.
    - **Businesses:** the consultancy team facilitated workshops with representatives from the East Lothian business community. These took place in June 2023 in Prestonpans, Dunbar, and Tranent, with additional virtual sessions in August 2023 and January 2024. A list of participants at this meeting is provided in Appendix A.
- **Community Engagement:** The consultancy team participated in seven community drop in events. These events were all developed in partnership with East Lothian Council departments responsible for developing the Poverty Plan; Heat and Energy Strategy; Local Development Plan; Tree and Woodland Strategy; and Biodiversity Strategy and were designed to provide a 'one stop shop' opportunity for community members to input into the development of each of these. Full details of the times, dates and locations of these events are provided in Appendix B.
- **Business Engagement:** the consultancy team participated in three further business engagement events as part of their research, including:
    - East Lothian Business Panel at Glenkinchie Distillery, Pencaitland in April 2024;
    - East Lothian Energy Conference held at the Fraser Centre, in May 2023;
    - East Lothian Mean Business Conference held at Eskmills, Musselburgh in October 2023.

- **Stakeholder Interviews:** The consultancy team undertook 11 one-to-one interviews with strategic stakeholders. A list of interview participants is provided in Appendix A.

10.2 Key stakeholders in the East Lothian economy

There are a variety of stakeholder groups with the capacity to contribute to the development of East Lothian's economy, and we designed our stakeholder engagement approach to capture representatives from all these groups. They include:

- **East Lothian Residents:** we undertook seven drop-in consultation events as part of this strategy, including one in every ward area of East Lothian
- **Community Representative Organisations:** including area partnerships and community councils
- **Businesses:** including self-employed businesses, indigenous East Lothian businesses and national/international businesses with a presence in East Lothian
- **Voluntary, Community and Social Enterprises Sector:** including organisations responsible for managing community assets and for providing training & employability support
- **Business Community Representative Group:** including Mid and East Lothian Chamber of Commerce; Federation of Small Businesses; East Lothian Food & Drink; and Scotland's Golf Coast
- **Skills and Education Organisations:** including East Lothian schools; Queen Margaret University; colleges in neighbouring authorities and Skills Development Scotland
- **Transport Providers:** including rail and bus operators; cycle hire businesses and road management organisations
- **Developers and Land Owners:** including the owners of the strategic sites at Cockenzie; Blindwells Edinburgh Innovation Park, and Torness.
- **National Economic Development and Investment Agencies:** including Scottish Enterprise, Scotland Development International, Play Scotland and VisitScotland.
- **Regional and National Governments and Partnerships:** including SESTrans, SESPlan, Edinburgh and South East Scotland City Region Deal Joint Committee, and the Scottish and UK Governments
- **Utility Providers:** including water; broadband; mobile communications; electricity; gas and district heating providers
- **Council Officers:** including officers working in economic development, planning, employability; community engagement; poverty; environmental sustainability; education; social care and transport/active travel roles
- **Elected Representatives:** including MPs, MSPs and Councillors

10.3 Stakeholder views on place competitiveness

Creating vibrant town centres

Several consultation participants highlighted the issue of how East Lothian's town centres were changing; how to support their long-term viability; and how to manage the conflicting demands of different users (residents travelling on-foot or vehicles and visitors).

Many East Lothian retailers have, like their counterparts elsewhere in the UK; faced financial challenges due to the combined impacts of the COVID-19 lockdown, rising energy and material costs, and competition from on-line retailers, edge of town developments and Edinburgh's retail centres. In particular:

- Stakeholders in Musselburgh have noted that its town centre has suffered due to competition from retail locations in Edinburgh such as Fort Kinnaird.
- Stakeholders in Tranent have noted congestion issues related to the number of motorists using its High Street as a through-route. Haddington was also highlighted by stakeholders as an area experiencing congestion problems.
- Stakeholders in Haddington have expressed concerns about town centre businesses losing trade since the opening of Haddington Retail Park; stakeholders in Dunbar have expressed concerns about the potential impacts of the proposals to expand retail provision at Dunbar Business Park.
- Stakeholders in Dunbar and North Berwick have expressed mixed views about the potential impacts of proposed parking charges, with some taking the view that it will improve the retail environment and other believing that it could deter motorists from using the town centres.
- Stakeholders in North Berwick have noted the challenge that narrow pavements present to wheelchair and buggy users in the town's High Street, and the potential impacts of this for their safety and the quality of their experience.

Stakeholders expressed concerns about bank and post office closures in many of East Lothian's town centres, and the implications of this for access to services for people who have less access to or are less confident in using online services.

Stakeholders also expressed concerns about the loss of character of some town centres, with the number of independent retailers falling and the number of national chains rising.

On a more positive note, however, stakeholders noted that population growth and increased hybrid working are helping to stimulate demand for many town centre businesses, including for service-based businesses such as hairdressers and cafes.

Developing employment land

A lack of available employment land, serviced office space, incubation space and light industrial space was seen as a barrier to growth by a number of stakeholders. One of the interviewed manufacturers told us that it had taken them four years to secure a new site on which to expand their business, and that this slowed them down significantly in their growth journey; while one of the Business Advisors mentioned a growth company that they worked with which may need to move out of East Lothian if it is unable to secure an expansion site.

Other issues raised in the consultations include:

- Planning restrictions or processes which have prevented them from obtaining change of use consent for their site development proposals.

- A perceived unwillingness of owners of designated employment land to develop their sites, and a perception that this is due to owners waiting for a future opportunity to use the land for more profitable housing development.

- A perception that the public sector is overly focused on developing employment land in urban locations and that opportunities for rural enterprise sites are being overlooked.

Many of the stakeholder consultations focused on the three land parcels that East Lothian Council has identified as its strategic sites (Cockenzie, Blindwells and Edinburgh Innovation Park).

In the case of Cockenzie, the Council has ruled out port and cruise use as there is an inability to accommodate ships with large drafts. Based on discussions with the site masterplanners; it is understood that the developable areas of site, outside of the proposed energy developments, is likely to include two developable areas; a northern area within the footprint of the original power station area and a southern area mostly covering the former coal storage area.

Local residents have aspirations for the northern area to include some form of community-based facility (potentially a visitor attraction focused on climate change and education), together with office and incubation space; while stakeholders also noted the opportunity to use the site for geothermal energy production and as a heat source for a district heat network.

There are opportunities for modern light industrial development on the southern site; and any industrial development on this site is likely to be highly competitive given the availability of a direct rail access spur onto the East Coast Mainline, its proximity to the A1; and the expansionary ambitions of many of the organisations at the nearby Macmerry Business Park.

Most stakeholders recognised the need for accelerated housing development in East Lothian and saw the Blindwells development as an important site in this regard. However, many had concerns about the perceived disparity between the pace of housing development and the pace of development of the supporting infrastructure. In particular participants noted that:

- Traffic congestion was becoming an issue on the routes into the site (particularly the A198 and Bankton Junction).

- The speed of development of retail and community service amenities at Blindwells Town Centre has been slow.

- The availability of public transport to and from the site is very limited.

- The active travel connections between Blindwells, its neighbouring towns, and nearby green spaces and heritage assets are poor.

- Very few affordable homes have been completed so far.

- The variety and composition of the housing mix. Perceptions that there are too many 3-5 bedroom detached houses being built and insufficient housing for first time buyers, key workers and for those with specialist needs.

While Edinburgh Innovation Hub and its surrounding Innovation Park lie within the East Lothian Council boundary, there is a perception among some stakeholders that it will primarily benefit Edinburgh based businesses and has been built with the Edinburgh market in mind. It was suggested that the impact of the site, and of the University more generally, on East Lothian based businesses could be enhanced through the following:

- Increasing the proportion of land set aside for food & drink research and manufacturing.

- Examining opportunities for the University to establish satellite facilities elsewhere in East Lothian, focused on developing vocational skills in areas associated with the net zero transition (as discussed at the East Lothian Energy Conference).

- Improving the quality of bus and active travel links between the campus and Musselburgh Town Centre (as discussed at the Musselburgh East public consultation).

The Torness nuclear power station site was also identified as a future opportunity site in the stakeholder consultations. This site is scheduled to cease electricity production and enter decommissioning in 2028, after which there is expected to be an opportunity to repurpose some land parcels relatively quickly. The land parcel to the West of Prestonpans has also been identified as an opportunity site in East Lothian.

Improving transport connectivity

Stakeholders reported that, while the bus and rail connections between Edinburgh and East Lothian's principal towns are generally fast and reliable, the frequency of services can often be an issue, particularly at peak times and in late evenings. The opening of the new railway station at East Linton was cited as a positive development for the town, which has already increased its attractiveness as a place to live.

Public transport connections between East Lothian towns are, however, considered to be slower and less reliable. In particular, it was noted that some services only ran a few times per day. It was noted that, as a consequence of recent hospital closures in Dunbar and North Berwick, some residents are now more dependent on bus services to and from East Lothian Community Hospital, and that issues around transport availability have at times let to medical appointments being missed. Engagement with schools also revealed concerns about the availability and reliability of public transport services.

Public transport connections to rural areas of East Lothian, such as the foothill villages (e.g. Stenton, Gifford, and East & West Saltoun); rural visitor attractions (e.g., National Museum of Flight and Glenkinchie Distillery) and popular walking and cycling routes (e.g., John Muir Way, John Muir Link and Hopes Reservoir) was also considered to be very poor. In the case of rural villages and smaller settlements, this can have issues for the long-term sustainability of communities and can encourage young people to move away to better connected areas.

While there was an understanding of the commercial challenges of maintaining these services, it was noted that developments in ICT could make new demand responsive transport solutions more feasible than was once the case; though it was noted that such services will require reliable mobile and broadband connections to be technically viable.

Stakeholders also suggested that more could be done to align public transport provision to new housing developments; and to develop better bus and active travel connections between Musselburgh, Queen Margaret University campus and the Edinburgh College Brunstane campus (it was noted that while these campuses have strong train connectivity; not all students can afford to travel regularly by train).

Insufficient town centre car parking availability was also highlighted as an issue in many towns, as was gaps in the active travel network, particularly around new housing developments, out of town retail and employment sites and out-of-town health centres.

Improving broadband connectivity

Stakeholders reported issues with the speed and reliability of broadband connections across East Lothian, though these issues were most prevalent in remote and rural communities. Findings from the

Business Base Survey[33] indicated that only 59% of respondents have access to Superfast broadband. In addition, 42% of businesses stated that connectivity issues directly impact their business. It was noted that strong broadband connectivity has become more of a necessity in recent years as many employers have moved towards or offer hybrid working. Stakeholders highlighted the potential value of developing rural business hubs, with high-speed internet connections as a potential solution to this problem.

While East Lothian Council has been proactive and successful in promoting the R100 Scottish Government voucher scheme, public awareness of this programme is still limited.

Maximising the potential of our rural communities

East Lothian's rural communities have significant economic potential and are crucial to the success of the area's agricultural, food & drink, tourism, creative industries, and onshore wind sectors. This section of the report has already highlighted some of the barriers that these communities face in terms of access to transport and broadband connectivity; and the challenges that these create for residents wishing to access services; work from home or attract tourists to their areas. However, it was noted that, if these issues were to be addressed, these communities would be well placed to attract new residents following the growth of hybrid working and an increase demand from Edinburgh residents to move to attractive rural locations.

10.4 Stakeholder views on workforce skills development

Meeting the needs of our businesses

The East Lothian Council Business Base Survey found that 47% of businesses feel the main barrier when recruiting new staff is the suitability of applicants. Businesses reported skills gaps in a number of sectors including food & drink, energy, construction tourism, healthcare, social care, childcare and dentistry. Soft (customer service) skills and competencies in English and maths were also identified as areas of skills shortage. Access to transport and to education and training, and a lack of public awareness of career opportunities were cited as underlying reasons for these shortfalls.

East Lothian Works and Skills Development Scotland both play an important role in helping businesses access skilled workers, and in bridging the information gaps between employers and school learners. However, the tendency of public sector agencies to fund their work through short-term one- or two-year contracts has had implications of service continuity and has led to knowledgeable and well-networked organisations leaving these organisations to more secure long-term roles elsewhere.

The new Regional Construction Skills Academy at Wallyford Learning Campus (a partnership between East Lothian Council and Edinburgh College) was identified as a good practice example of how new satellite facilities can be used to improve access to learning and skills for young people in East Lothian, and it was suggested that similar centres focused on green energy and hospitality skills could also be explored. It was noted that there is currently a significant gender imbalance in the number of individuals taking on work opportunities in the construction and green energy sectors and it was therefore suggested that initiatives designed to attract female learners into the sector may therefore be particularly beneficial.

[33] East Lothian Council Business Base Survey, 2024. Summary Report. The survey was run from 14/09/203 to 24/12/2023 and includes 107 responses.

10.5 Stakeholder views on business development

Green energy

East Lothian has the potential to play a leading role in Scotland's transition to a net zero economy, with opportunities for growth in the on-shore and off-shore wind sectors and their supply chains; in nuclear decommissioning; in battery storage and grid connectivity; in hydrogen, solar & geothermal energy; district heating networks; the roll-out of electric vehicle infrastructure; and the installation of heat pumps into new and existing buildings.

There is also an opportunity to develop a network of district heating networks, utilising geothermal heat from the Firth of Forth; from the former coalfields; from Glenkinchie Distillery; and from Dunbar energy from waste plant; as well as opportunities to extent the Millerhill district heating network eastwards into East Lothian.

One of the priorities for East Lothian over the next 10 years is therefore to take actions both to maximise the number of opportunities that are taken forward, and to ensure that developments are managed with the impacted communities and that the economic benefits of these activities are experienced by residents and businesses. These should include actions to develop the local skills base to access employment in these sectors; helping local supply chains secure contracts in these areas of activity and ensuring that community benefit payments from energy providers are distributed fairly and invested in long term projects.

Food and drink

East Lothian has a strong reputation for the quality of its food & drink offer, and is home to a number of distilleries, breweries, and award-winning producers of fresh produce, seafood and dairy products.

The Scottish Centre of Food Development and Innovation at Queen Margaret University is a valuable asset for the sector, offering local access to high quality research and development support, while the growing market UK and international market for direct online retail to customers creates new opportunities for ambitious local businesses to expand into new markets.

However, like other sectors, challenges around sourcing suitably skilled staff and identifying suitable expansion sites have constrained the growth of some food and drink businesses, with some reporting being particularly disadvantaged due to their rural locations.

East Lothian's strong visitor economy offers opportunities for food and drink businesses to showcase their products to visitor markets, and stakeholders feel these opportunities can be strengthened through the establishment of new partnerships between visitor attractions, hospitality providers and local food & drink manufacturers.

Sustainable tourism

East Lothian has a world-class tourism offer and is particularly well known for the quality of its beaches, historic towns, wildlife, golf courses, culture & heritage, festivals & events, and food & drink offer.

Stakeholders considered the sector to have potential for significant further growth and highlighted in particular the recent product developments around walking, cycling and film all of which have additional potential. They noted that any future growth will need to be sustainable and acknowledged the key messaging of the Visit East Lothian brand around responsible tourism. Developments should minimise the potential for conflict with local residents and not negatively affect the local environment. Examples of potential areas which need careful planning are:

- **Environment:** any further tourism investments should not damage the high-quality natural environment that people come to see but help to enhance the experience and educate/inform visitors (and locals). In particular, there had been issues with wild camping on beaches, and the littering, fire risks and inappropriate chemical waste disposal issues that this can lead to. It was acknowledged that the Visitor Management Plan was already assisting in the management of this issue and that the issue was not as a result of any investment or development.

- **Town centre congestion:** concerns were raised about the level of town centre congestion that occurs in North Berwick during peak tourism season. Tourism is still relatively seasonal in East Lothian, and it was noted that North Berwick faces congestion issues year-round. There were mixed views on the parking review.

- **Conflicting demand for housing stock:** stakeholders expressed concerns about the limited availability of one- and two-bedroom housing in North Berwick, and the risk of further homes being lost through their conversion into holiday homes. Others expressed concerns about the impact of the STL scheme and the negative impact it had and would have on their business and the local economy.

Stakeholders also noted the challenge that decreasing budgets could have on East Lothian Council's ability to continue to support the sector to the extent that it has done previously, and discussed the opportunity for alternative funding streams, such as a visitor levy to be introduced to compensate for this. Managed development in popular areas such as along the coast to support visitor management and secure economic benefit should be supported, e.g., visitor facilities including for camping / motorhomes, hospitality and leisure facilities, and other employment generating activities.

Support to businesses in other sectors

Businesses were generally satisfied with the level of advice and support offered to them by Business Gateway and Economic Development, East Lothian Council. The Business Base Survey found that 93.3% of respondents who engaged with Business Gateway and Economic Development rated their experience as good or excellent. However, stakeholders believed that the delivery of this support was at times disjointed due to the need to engage with a number of Council departments to access the information and support needed. It was also reported that accessing support sometimes required a significant amount of form-filling.

For example, businesses reported that the planning approval process can be confusing and time-consuming, and that they would benefit from having access to a 'one-stop' shop in the Council which would be able to respond to, for example, business rates, licencing, planning, funding, business support, estates, and environmental heath enquiries and directing these appropriately.

11 Community Wealth Building Audit

11.1 Introduction

As part of the development of the East Lothian Local Economy Strategy, Stantec is seeking to embed the concept of CWB as a ‘core principle’ throughout the objectives, projects, actions, and monitoring indicators of the Strategy. To assist with this, Stantec has sub-contracted Matthew Baqueriza-Jackson to provide advice and guidance as to what CWB is and how it fits in local economic strategy, what is already happening around CWB in Scotland, what East Lothian Council and partners are already doing around CWB, and how CWB can be integrated across the East Lothian Local Economy Strategy and into a dedicated CWB Action Plan.

The following section of the evidence paper details the key findings of the audit undertaken of CWB activity already happening in East Lothian. This section of the Evidence Paper should be read alongside the audit (which explains the concept of CWB) and has been developed through consultation with the East Lothian CWB Working Group.

11.2 Existing Community Wealth Building activity in East Lothian

During the workshop, we looked to diagnose what East Lothian Council and partners are already doing around CWB, both in overarching terms and in relation to each of the five ‘Pillars’. We have utilised the below tool and Red, Amber, Green ratings to make the assessment of East Lothian’s baseline position.

Table 30: Baseline Position: Overarching

Activity	Assessment	Commentary
Political Buy-in		CWB is seen by Elected Members at East Lothian Council as an important agenda for the future of the economy of the locality. It is recognised that CWB is framed by national strategy and potentially future legislation and is something that the Council and other partners need to respond to. There is a recognition that CWB is not something new and East Lothian Council, has been working for years to maximise the impact of procurement spend, for example. CWB presents the opportunity to recalibrate what East Lothian is looking to achieve and bring together the 'Pillars' of activity coherently. There is a need to ensure that political parties, officers, and Anchor Institutions work together on realising the principles of CWB and the wider objectives of the Local Economy Strategy.
CWB Working Group		The workshop undertaken in June 2023 formed part of an existing meeting of the East Lothian CWB Working Group. Led by the Policy Team at the Council, but with strong departmental representation and from the wider public sector and third sector, the CWB Working Group appears to be a good vehicle to take forward CWB activities in the short term and to develop a CWB Action Plan. It is also a useful governance mechanism for informing the core principle of CWB through the longer-term Local Economy Strategy, and particularly in terms of its overarching objectives and principles and in specific longer term actions.
Embedding CWB in Strategy		The concept of CWB is not new in East Lothian – indeed East Lothian Council has been working on aspects such as Community Benefit Clauses for a significant period of time. There is however recognition that embedding it into strategy and everyday working within the Council and wider (Community) Anchor Institutions will take time. CWB requires a cultural shift across not only local politicians but also all staff within the local authority and wider (Community) Anchor Institutions. There is also a recognition of the need for communities to become aware of CWB and its potential impact on addressing local economic, social, and environmental challenges. There is also a need to reflect upon how CWB will have implications for the six area partnerships and upon existing projects around participatory budgeting, for example.

Table 31: Baseline Position: Progressive Procurement.

Activity	Assessment	Commentary
Spend Analysis		East Lothian Council utilises Spikes Cavell to undertake annual analysis of where procurement spend goes geographically, sectorally and in business type terms. There is an understanding geographically of the amount of money spent in East Lothian, the Lothians, and the wider Capital and South Scotland City-Region. East Lothian Council is also encouraging other (Community) Anchor Institutions to undertake such analysis, and which is framed by a new Procurement Strategy and an overarching objective for an 'East Lothian first' approach. There is a drive across the Council and wider (Community) Anchor Institutions to create new opportunities for the East Lothian business and third sector base in procurement in both East Lothian and the wider City-Region.
Procurement Working Groups		The Procurement Team at East Lothian Council and particularly the Head of Procurement is increasingly seeking to engage with other (Community) Anchor Institutions in the locality and across the Lothians to adopt the principles of the new Procurement Strategy. There is an opportunity to formalise such relationship development and influencing through a procurement specific working group.
Community Benefit Procurement Frameworks		East Lothian Council's new Procurement Strategy sets out coherently the types of wider outcomes that the Council and other partners (potentially) are seeking to realise through the process of procurement, including around contributing towards net zero and climate change and delivering community benefits. This is also accompanied by an emerging operational Community Benefit Procurement Framework which presents a clear path for commissioners to embed such considerations across the design of all goods and services. Despite the Framework, there is a recognition and honest reflection that the Council and other (Community) Anchor Institutions do not always know what the community wants when it comes to Community Benefits and that the delivery needs go beyond the provision of apprenticeships. There is also a recognition that the measurement of the impact of Community Benefits needs to improve and be evidenced as part of the contribution procurement makes to the addressing of wider local challenges such as skills.
Local Market Making		A key focus of the Local Economy Strategy for East Lothian is around creating the conditions that will enable local businesses and the voluntary, community and social enterprise sector to flourish and grow. This includes bringing employment sites into use, developing hubs and spaces for entrepreneurship and innovation and providing business support. This market development does however need to be linked to the process of procurement at East Lothian Council and other (Community) Anchor Institutions and the relationship between such Institutions and business needs to evolve so there is improved awareness of both what is being looked to be procured and what types of goods and services are available in the locality. There are a number of mechanisms that could be used to enable this to happen further, including the increasing of procurement thresholds, hosting more meet the buyer events, and using innovative methods of procurement. The Spend Analysis undertaken (1a) could also be utilised to identify particular sector gaps in local spend as a way of inspiring new entrepreneurship and product and service development.

Table 32: Baseline Position: Advancing Fairer Employment and Just Labour Markets.

Activity	Assessment	Commentary
Employee Mapping and Re-spend		East Lothian Council has already undertaken some mapping work as to where their employees live, which provides useful evidence of the contribution made to the local economy, with other (Community) Anchor Institutions also undertaking such analysis. This analysis could however be widened out to identify wider information about demographics and inequality.
Real Living Wage		East Lothian Council and NHS Lothian are already accredited Scottish Living Wage employers as is the Third Sector Interface meaning that there is a strong commitment to ensuring that their workforces are paid fairly and have good terms and conditions. This condition to be Scottish Living Wage Employers also passes to the third sector as a condition of grant applications and awards. There is a significant opportunity to embed Scottish Living Wage principles and behaviours into businesses across East Lothian, both in terms of those procured to provide goods and services to (Community) Anchor Institutions and the wider business base.
Workforce Health and Well-Being		East Lothian Council already has some workplace policies in place around health and well-being and particularly around subsidised gym membership and access to healthcare. There is a recognition that this also links to procurement in that where possible the Council are looking to utilise in-house services and local providers to deliver such activities. This activity is also evident amongst other (Community) Anchor Institutions and through the activities of local voluntary and community sector organisations.
Direct Recruitment		Consultation undertaken as part of the development of the East Lothian Local Economy Strategy has identified key challenges around the skills of the local resident population. There is a particular mismatch between the needs of employers, including (Community) Anchor Institutions and the employability and vocational skills of residents. This means that direct recruitment from deprived neighbourhoods or of East Lothian residents can be a challenge. It is recognised that there is a need for upskilling in order for this aspect of CWB to be realised and also to contribute to related aspects and particularly local market making (1d). East Lothian Council recognises that the very nature of some front line services such as property maintenance are integral to a CWB approach through local employment opportunities and workforces.

Table 33: Baseline Position: Plural Ownership of the Economy.

Activity	Assessment	Commentary
Local market understanding		There is a strong understanding in East Lothian of the existing Voluntary Community and Social Enterprise (VCSE) Sector in terms of who organisations are, where they are based, and the types of activities they undertake. In addition, there are strong relationships between East Lothian Council and the Third Sector Interface in terms of grant arrangements and the use of Council owned and managed buildings and assets by the Sector. The Third Sector Interface is also a key partner in the Community Wealth Building Working Group. As already detailed in 1(d), there is however a need to more effectively align the activities of existing VCSE organisations to upcoming procurement opportunities at East Lothian Council and other Anchor Institutions.
Cooperative and Social Enterprise Formulation		There is a key opportunity through the Local Economy Strategy to develop and grow businesses of all types in East Lothian, and including SMEs, Social Enterprise, Cooperatives and Voluntary Organisations. There are also significant opportunities to support this development and growth through utilising key sites such as Cockenzie and the Innovation Hub to host businesses of all types and including social enterprise and cooperatives. There is a specific opportunity to create new more socially and environmentally responsible organisations that can build upon East Lothian's tourist identity. There is also an opportunity to create Social Economy organisations that fill specific gaps that both public sector organisations and the private sector face in the procurement of services. For example, there is potential scope for the development of Care, Food and Cleaning Cooperatives.
Cooperative and Social Enterprise Support		There is a recognition in East Lothian that the Business Gateway function is an effective means through which 'conventional' businesses (both large and small) can access business support. However, there is also a recognition that the nature of this support could be both widened in terms of the types of support provided such as around social value and environmental responsibility and in terms of the nature of organisations that receive support to also include Social Economy organisations. Specific support is needed for smaller voluntary sector organisations and recognising the role of the Third Sector Interface as a broker.

Table 34: Baseline Position: Socially Just Use of Land.

Activity	Assessment	Commentary
Community Benefit Clauses		East Lothian Council has a long history in embedding Community Benefit Clauses into both procurement opportunities and development activities. Given the scale of housing development in particular, there is a need to develop the approach further and importantly more effectively measure the realisations and impact of such clauses and agreements.
Land Ownership Review		East Lothian Council is currently undertaking a review of assets that are owned and managed by the local authority, with a specific focus upon office accommodation and buildings that are no longer needed to deliver direct services. The review is also engaging with communities and the Third Sector Interface to identify their needs and aspiration and scope the potential for transfer and the sustainable management of assets into the future. There is a recognition that there needs to be more proactivity around vacant buildings and that transfer should not be restricted to the VCSE sector – instead there could be scope to create business hubs for small businesses or individuals working from home but who want the flexibility of office space with like-minded organisations. Any transfer, however, needs to lead to the sustainable use and management of such assets.
Community Land Trusts		No work has been undertaken in East Lothian around the development of Community Land Trusts.
Ownership Transfer		Some work has already been undertaken in East Lothian around the transfer of assets from the Council and other (Community) Anchor Institutions to VCSE sector organisations. However, for the VCSE sector this has been challenging, given the condition of some of the assets, and the lack of available support to help them through the process of transfer. It has also been challenging for the Council, in particular, in ensuring that transfer is both realistic and sustainable. There is a need for support and funding to assist VCSE organisations in the process of sustainable asset transfer.

Table 35: Baseline Position: Making Financial Power Work for Local Places.

Activity	Assessment	Description
Outsourcing Review		East Lothian Council has already recognised some of the challenges associated with outsourced services and their capability to deliver local economic, social and environmental benefits. There is a recognition that there is potential scope to bring services around waste and leisure back in-house, together with some other core services.
Community Banks		Like many areas across the UK, Community Banks have not been developed in East Lothian as a result of legislative challenges and the fact that such banks are often developed at city-regional or regional scale. However, recognising the many challenges that SMEs in particular face around accessing start-up capital and wider finance, East Lothian does have East Lothian Investments in place which provides finance to SMEs and other organisations to develop new and innovative activities.
Pension Fund Influencing		In the context of the Edinburgh Capital Region, East Lothian Council and other partners in the Pension Fund are seeking to influence investments – there has been a particular focus upon using Pension Funds to invest in social housing developments. Again, this is relatively difficult to influence directly at the local level.
Credit Union Formulation		East Lothian already has in place a branch of the Capital Credit Union and which is hosted by the Third Sector Interface. It is recognised that there is no need for the formulation of a further Credit Union – there is however a need to raise awareness of the existing Credit Union more effectively, particularly in rural communities.

Appendix A: Stakeholders Consulted

List of groups and individuals we have engaged with:

Table 36: Stakeholders Consulted – existing events and groups

Existing events and groups consulted
Community Wealth Building Working Group
Connected Economies Group
Development Group
East Lothian Council Business Base Survey[34]
East Lothian Energy Conference
East Lothian Means Business
MSP's Business Forum
Place Standard Engagement with Young People in East Lothian[35]
Rural Economy Group

[34] The survey was run from 14/09/203 to 24/12/2023 and includes 107 responses.

[35] Play Scotland, in partnership with Planning Aid Scotland, facilitated five engagements with Secondary Schools throughout East Lothian in September 2023.

Table 37: Stakeholders Consulted – Business Focus Group

Company
Battle of Prestonpans Trust
Belhaven Brewery
Carfrae Farm
Dunbar Business Park
East Lothian Food & Drink Ltd
East Lothian Tourism Attractions Group
Fox Lake Adventures
Haddington Heritage and History
HADFAB
Hargreaves Land
Historic Environment Scotland (HES)
Maple Cottage B&B
National Museum of Flight
NG Offshore wind
Papple Farm Steading
Scotrail
Scottish Battlefield Trust
The Premium Bakery
VisitScotland
Winton Castle
ZoT Engineering

Table 38: Stakeholders Consulted – individual participants

1-2-1 Consultation Participants
EL Works - Team Manager, Education and Employability
ELC - Chief Executive
ELC - District Heating Officer
ELC - Executive Director of Place
ELC - PM - Blindwells and Regional Prosperity Framework (and Cockenzie)
ELC - PM - Cockenzie Development
ELC - PM - QMU Hub/EIP
ELC - PM, Cockenzie site current activity
ELC - Rail and Active Travel Lead at ELC
Premium Bakery and Chair of CEG
Scottish Enterprise Representative

Table 39: Stakeholders Consulted – ELC internal discussion contacts

East Lothian Council - Internal discussion contacts
Business Advisor - Economic Development
Business Development Administration Officer - Economic Development
Business Development Assistant - Economic Development
Business Growth Officer - Economic Development
CLLD Officer - Economic Development
Companies Manager - ELI/ELL
Customer Services - Library and Museums
Economic Development Officer - Digital Connectivity and Prestongrange Heritage
Economic Development Officer - UKSPF
Head of Finance - Finance
Manager - Connected Communities
Manager - Infrastructure and Procurement
Manager - Planning Department
Officer - District Heating
Officer - Planning Department
Officer - Rent Income
Policy Officer - Poverty and Equality
Project Officer, Tourism - Economic Development
Projects Assistant - Economic Development
Senior Officer, Regeneration - Economic Development
Service Manager - Connected Communities
Service Manager - Economic Development
Service Manager - Roads
Support Team Leader - Development and Business
Team Manager - Economic Development
Team Manager - Education and Employability
Team Manager - Housing Strategy
Team Manager - Procurement

Appendix B: Community Engagement Events Undertaken

Table 40: Community Engagement – public consultation events in 2023

Public Consultation Events June 2023		
Date	**Where**	**Time**
Tuesday 13th June	Musselburgh - Brunton Hall, Ladywell Way, Musselburgh EH21 6AF	2-7pm
Friday 16th June	North Berwick - Hope Rooms, 34 Forth Street, North Berwick EH39 4JD	1-3.45pm
Monday 19th June	Haddington - Star Room, John Gray Centre, 15 Lodge St, Haddington EH41 3DX	2.30-6.30pm
Thursday 22nd June	Dunbar - Bleachingfield, Countess Crescent, Dunbar EH42 1DX	5-8pm
Monday 26th June	Prestonpans - Pennypit Community Centre, Double Dykes, Rope Walk, Prestonpans EH32 9BN	4.30-7.45pm
Tuesday 27th June	Musselburgh East - Community Learning Centre, Haddington Rd, Musselburgh EH21 8JJ	12.30-5.45pm
Wednesday 28th June	Tranent - Fraser Centre, 3 Winton Place, Tranent EH33 1AF	4.30-7.45pm

Appendix C: Glossary

Table 41: Glossary Table

Terminology	Description
Affordability Ratio	Relationship between house prices and income. Calculated by dividing the median house prices for each Scottish Data Zone by the median gross annual workplace earnings for East Lothian
Annual Population Survey (APS)	A continuous household survey across the UK, covering a sample size of approximately 320,000 residents. Consists of 12 months of survey data, released on a quarterly basis.
Business Register and Employment Survey (BRES)	An employer survey of the number of jobs held, broken down by industry. BRES publishes employee and employment estimates at detailed geographical and industrial levels and is the official source of employee and employment estimates by detailed geography and industry.
City Region	Also referred to as Edinburgh and South East Scotland City Region and the Edinburgh City Region. This area includes the local authorities of East Lothian, City of Edinburgh, West Lothian, Midlothian, Scottish Borders and Fife.
Claimant Count	Measure of the number of people claiming benefits principally for the reason of being unemployed, based on administrative data from the benefits system. This is primarily Jobseeker's Allowance but will also include certain Universal Credit claimants as the new benefit is introduced.
Community Wealth Building	A new people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.
Community Wealth Building Audit:	An assessment of East Lothian's current approach to community wealth building (see below), based around the Scottish Government's 'five-pillars' approach; and the development of an action plan to improve this.
Data Zone	Scottish Data Zones are small geographical areas used by Scottish Data Zones that have a population of between 500 and 1,000 household residents.
Gross Value Added (GVA)	The value generated by any unit engaged in the production of goods and services in an economy.
Job Seekers Allowance	JSA is a benefit provided by the UK government to people who are unemployed and actively seeking work.
Location Quotient (LQ)	An analytical statistic that measures a region's industrial specialization relative to a larger geographic unit. Calculated as an industry's share of a regional total for some economic statistic (earnings, GDP by metropolitan area, employment, etc.) divided by the industry's share of the national total.
Non-Serviced Accommodation	Accommodation that does not provide additional services such as housekeeping or meals. Airbnb is a popular example.
Scotland's Census	A decennial survey of all the people and households in England and WalesScotland.

Scottish Index of Multiple Deprivation (SIMD)	A relative measure of deprivation across 6,976 small areas (called Data Zones). If an area is identified as 'deprived', this can relate to people having a low income, but it can also mean fewer resources or opportunities. SIMD looks at the extent to which an area is deprived across seven domains: income, employment, education, health, access to services, crime and housing.
Serviced Accommodation	Accommodation that provides hotel-like amenities and services including housekeeping and food.
Trunk Road	A major road that connects two or more cities, ports, airports, and other places, which is the recommended route for long-distance and freight traffic. It is usually a dual carriageway or a motorway standard road
Universal Credit	A government benefit scheme for those who are out of work or on a low income. It replaced 6 previous types of benefit payments in 2013.
Vacancy Rate	Expressed as a percentage, it identifies the amount of new/relet/sublet space vacant divided by the existing rental building area.