

Economy Committee

10.00am, Tuesday, 28 June 2016

Investing in Jobs: Economic Development Service Performance Update

Item number	7.5
Report number	
Executive/routine	
Wards	All

Executive summary

The purpose of this report is to update Committee on the performance of the Economic Development Service (EDS) in delivering the key performance indicators (KPIs) for the period January to March 2016. The EDS is currently ahead of target on all of the three KPIs as measured by a range of inputs on jobs, investment and helping people into work and learning.

This report also provides a summary of progress on the Coalition Pledges which are lead by the Economy Service.

Links

Coalition pledges	P7; P15; P16; P17; P21; P22; P28; P29
Council outcomes	CO7; CO8; CO9
Single Outcome Agreement	SO1

Investing in Jobs: Economic Development Service Performance Update

Recommendations

- 1.1 The Economy Committee is asked to note the progress being made against the three KPIs between January to March 2016.

Background

- 2.1 On 26 June 2012 the former Economic Development Committee approved an operational plan for the EDS. This plan covers the period 2012/13 to 2014/15 and sets out the role of the EDS in delivering the Council's Economic Strategy.
- 2.2 Economy Committee approved revised KPIs for the service for the 2015-2017 period at its meeting on [23 June 2015](#).
- 2.3 The Committee also approved a methodology for measuring the performance of the EDS against the three KPIs set out in the operational plan. The [technical appendix of the operational plan](#) sets out the methodology which is followed in measuring the performance of the Economy Service against each of the KPIs. In doing so, the service makes an assessment of 'additionality' by accounting for 'deadweight' (the potential that outcomes might have happened anyway in the absence of the Economy Service's intervention). 'Deadweight' is assessed as low, medium or high depending on a complex calculation of 'deadweight' and optimism bias.
- 2.4 A straight line profile is assumed on all of the KPIs. This means that the KPI target has been divided equally by the number of quarters throughout the strategy timeframe (1 April 2012 – 31 March 2017). Performance in each quarter and cumulatively to date is then assumed against the straight line profile to determine whether the service is on track to achieve the KPI target by the end of the monitoring period (in this case by 31 March 2017).
- 2.5 Quarterly updates and an annual summary of performance have been presented to Economy Committee. The most recent updates were presented on 26 April 2016.

Main report

- 3.1 The EDS is currently ahead of target on all three of the headline KPIs and behind on one – assuming a straight line profile.

Support the creation and safeguarding of 4,100 jobs (net) in Edinburgh.

- 3.2 Between 1 January 2016 and 31 March 2016, the EDS supported the creation and safeguarding of **350.2** (net) jobs in Edinburgh. A summary is provided in the table below.

Jobs created and safeguarded by the EDS (1 January 2016 to 31 March 2016)		
Source	Gross	Net
Business Gateway	1385	350.2
...New starts	600	60
...Growth Advisory Service	297	95
...Growth Pipeline	488	195.2
Inward investments	0.0	0.0
...		
...		
Construction jobs ¹	0.0	0.0
...		
Loan funds	0.0	0.0
...East of Scotland Investment Fund		
...Edinburgh Small Business Loan Fund		
...INTERREG fund activities		
Total for period (1 Jan 2016 – 31 Mar 2016)	1,385	350.2
<i>Previous running total (1 Apr 2012 – 31 Dec 2015)</i>	<i>12,813</i>	<i>3,058</i>
New running total (1 Apr 2012 – 31 Mar 2016)	14,198	3,408

- 3.3 The EDS has supported the creation and safeguarding of **3,408** (net) jobs in Edinburgh since 1 April 2012.
- 3.4 If straight line progress is assumed, the jobs figure could be expected to be standing at 3,050. It stands at 3,408 so the EDS has exceeded this target by 350 jobs.

Support £600 million (net) of physical investment in Edinburgh

¹ Jobs created by construction projects (measured in person-years) are expressed as permanent job equivalents.

3.5 Between 1 January 2016 and 31 March 2016 the EDS supported **£0 million** (net) of physical investment in Edinburgh. A summary of this is provided in the table below:

Physical investment supported by the EDS (1 January 2016 to 31 March 2016)		
Investment	Gross	Net
Physical investments	£0	£0
...		
...		
...		
Total for period (1 Jan 2016 – 31 Mar 2016)	£0	£0
<i>Previous running total (1 Apr 2012 – 31 Dec 2015)</i>	<i>£1,280,500,000</i>	<i>£565,804,800</i>
New running total (1 Apr 2012 – 31 March 2016)	£1,280,500,000	£565,804,800

3.6 The EDS has supported **£565.8 million** (net) of physical investment in Edinburgh since 1 April 2012.

3.7 If straight line progress is assumed, the investment figure could be expected to be standing at £400 million. It stands at £565.8 million so the EDS is currently ahead of target by £165.8million.

Support the movement into work or learning of 18,000 people.

3.8 Between 1 January 2016 and 31 March 2016 the EDS supported **938 people** (net) into work or learning. A summary is provided in the table below:

Movement into work/learning supported by the EDS (1 January 2016 to 31 March 2016)		
Source	Gross	Net
Employability programmes	938.0	938.0
...Supported into work	341.0	341.0
...Supported into learning	597.0	597.0
Enterprise programmes	0.0	0.0
...Business Gateway start-ups by unemployed people	0	0
...Executive Skillsbank placements	0	0
Total for period (1 Jan 2016 – 31 Mar 2016)	938	938
<i>Previous running total (1 Apr 2012 – 30 Dec 2015)</i>	<i>13,839</i>	<i>13,191</i>
New running total (1 Apr 2012 – 31 Mar 2016)	14,777	14,129

- 3.9 The EDS has supported **14,129 people** (net) into work or learning since 1 April 2012.
- 3.10 If straight line progress is assumed, the figure for movement into work or learning could be expected to be standing at 14,000. It currently stands at 14,129 so the EDS is currently 129 ahead of target.
- 3.11 Further information on performance for this indicator is provided in appendix 1.

Coalition Pledge Update

- 3.12 The Council Coalition Pledges are monitoring on a six monthly basis. A progress update on the Pledges which the Economy Service lead on is attached in appendix 3. This covers the period November 2015 to April 2016.

Measures of success

- 4.1 The performance of the EDS is measured using three KPIs. The performance against these KPIs is monitored and reported on a quarterly basis to Economy Committee.
- 4.2 The EDS also leads on eight of the Capital Coalition Pledges and progress is reported to Economy Committee and to Council every six months.

Financial impact

- 5.1 The actions and outputs described in this report have been met from within the EDS revenue budget for 2015/16.

Risk, policy, compliance and governance impact

- 6.1 The actions and outputs described in this report adhere to the risk compliance policy and governance arrangements. In addition the recommendations in the report do not impact on any existing Council policies.

Equalities impact

- 7.1 A full [Equalities Impact Assessment](#) was carried out on the Economic Strategy in February 2012. In line with the Equality Act 2010, the Council has a duty to develop equalities outcomes. This performance information will be fed into that process.

Sustainability impact

8.1 There are no sustainability impacts arising from the recommendation in this report.

Consultation and engagement

9.1 There was no consultation or engagement activity required in preparing the recommendation for this report.

Background reading/external references

Paul Lawrence

Executive Director of Place

Contact: Elaine Ballantyne, Service Manager

E-mail: elaine.ballantyne@edinburgh.gov.uk | Tel: 0131 529 3149

Links

Coalition pledges	<p>P7 - Further develop the Edinburgh Guarantee to improve work prospects for school leavers</p> <p>P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors</p> <p>P16 - Examine ways to source new funding to support small businesses</p> <p>P17 - Continue efforts to develop the city's gap sites and encourage regeneration</p> <p>P21 - Consult further on the viability and legality of a transient visitor levy</p> <p>P22 - Set up an independent forum to promote locally-owned retail businesses</p> <p>P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city</p> <p>P29 - Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work</p>
Council outcomes	<p>CO7 - Edinburgh draws new investment in development and regeneration</p> <p>CO8 - Edinburgh's economy creates and sustains job opportunities</p> <p>CO9 - Edinburgh residents are able to access job opportunities</p>

Single Outcome Agreement Appendices

SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
 1 –
 2 - Employability and Skills performance summary
 3 – Coalition Pledge Update October – March 2016

Appendix 1 – Business Gateway Performance Summary

Business Gateway Edinburgh & Lothian performance:

	Oct-15	Nov-15	Dec-15	Jan 16	Feb 16	Mar 16	YTD Total	Annual Target	% of annual target achieved
New business start ups	144	115	116	117	187	438	1,923	2,000	96%
Potential High Value Start Ups	51	18	20	22	53	28	440	340	129%
Confirmed Higher Value Start Ups	28	9	9	10	30	13	236	140	169%
Growth businesses (£200-£400k)	40	0	22	9	11	31	197	200	99%
Growth businesses (£400k+)	4	0	2	10	3	14	70	120	58%
Account Managed	3	1	0	0	2	7	20	16	125%
Local Advisory Service	89	0	0	0	0	409	1,133	936	121%
Local Expert Help Service	16	18	10	14	7	18	191	200	96%
Workshops	32	31	11	21	23	31	306	293	104%
Workshop attendance	324	329	151	234	258	286	2,083		

Appendix 2 – Employability and Skills Performance Summary

Indicator	Jan to Mar 2016	Apr 2015 to Mar 2016	Running total from April 2012
Number of clients supported	1,097	4,630	17,985
Number of engagements performed	1,319	5,342	25,152
Number of engagements performed by City of Edinburgh Council programmes	39	223	1,516
Number of engagements performed by external Employability Fund programmes	44	123	535
Number of engagements performed by external programmes	1,236	4,996	23,101
Number of outcomes relating to clients achieving full-time employment, part-time employment and self-employed outcomes	341	1,524	6,236
Number of outcomes relating to clients achieving education, job-focussed training and general progression outcomes	497	2,163	9,597
Number of outcomes relating to clients sustaining employment, education, job-focussed training and general progression outcome achievements	519	2,012	8,446
Total number of outcomes achieved in period (employment, education, job-focussed training, general progression and sustained outcomes)	1,457	5,699	24,279

Labour Market Outcomes Supported by the Economic Development Service – March 2016 – Compiled 20-04-16

Definitions:

Engagement

A face to face meeting between the client and the provider to ascertain the client's employability needs.

General Progression Outcome

A general progression outcome is a measurable outcome which enhances the client's employability.

Number of clients supported – Running total from April 2012

Previous to the May 2015 return, this figure recorded the aggregated total of unique individuals in each year as a running total. As a result, clients who engaged would be counted in each year they engaged with the employability services. (For example, a client who engaged in three separate years would count three times.)

From May 2015, this figure will record the unique individuals from April 2012 onwards to provide an accurate picture of how many individuals have engaged with the employability services to date.

Appendix 3 – Capital Coalition Pledge Update

Pledge 07



Further develop the Edinburgh Guarantee to improve work prospects for school leavers

The Edinburgh Guarantee has continued to develop and respond to the needs of employers and support young people to reach a positive destination.

To date, almost two-thousand employment outcomes for young people have been achieved through working with over five-hundred new employers large and small. It has also led on the development of initiatives to increasingly support vulnerable young people move into employment including Project SEARCH which is currently supporting 24 young people with autism move into work.

Links have been strengthened with other public and education partners through the local Youth Employment Partnership who have agreed to adopt the Edinburgh Guarantee approach and brand to cover all funded youth provision in the city for vulnerable groups- giving a better consistency of message and support to our young people.

This integration also includes the welcome addition of the Edinburgh College introducing a guarantee of a college place for all who apply, further increasing the reach of this initiative.

Discussions are also ongoing with the Scottish Government funded Developing our Young Workforce (Edinburgh, Midlothian and East Lothian) Employer Engagement Team to ensure that our respective priorities and forward plans are well aligned and making the most of this valuable new investment.

The Scottish Government is moving away from tracking school-leaver positive destinations for recent school leavers to a new participation measure that tracks the progress of all young people aged 16-19 year olds. A young person is deemed to be participating when they are confirmed as actively engaged with an organisation for the purpose of learning, training volunteering or work. In August 2015, the proportion of Edinburgh's young people (14,536) who were participating was 87.7%, compared to a Scottish Average of 87.6% and individual Local Authority areas figures ranging from 82.3% to 95.1%.

In Edinburgh there were 12,744 in education, employment or training, 639 who were unemployed (seeking), 227 who were unemployed (not seeking), and 926 whose status could not be confirmed. It is anticipated that new figures will be released in the summer and the team will be working with partners to use this new wider data set to further enhance the impact of the Edinburgh Guarantee in helping all our school-leavers secure and sustain a positive destination.



The Economic Development Service is working with several organisations to promote Edinburgh to investors in line with the Council's Economic Strategy "A Strategy for Jobs 2012 – 2017." Performance against the key performance indicators for measuring progress against the Economic Strategy remains strong and is on course to achieving the March 2017 targets for physical investment and jobs. Since April 2015 to March 2016, economic development has supported £797 million of physical investment and supported the creation or safeguarding of 4,257 jobs.

The Investor Support team targets investors in specific sectors and geographies using a range of methods including attending/hosting sector events, engaging with existing contacts and building on civic links to raise Edinburgh's profile in important markets.

Highlights over the last six months include:

- Hosting a high-level business roundtable with the Lord Mayor of the City of London, Innovate Finance and SFE. The focus was on collaboration on the fintech sector at local, national and global levels.

- The continued promotion of Edinburgh to potential investors and strengthening links and associations with other public bodies was accomplishing the following examples:
 - Attendance and promotion at the international property investors at MIPIM 2016.
 - Promotion of Edinburgh to international hotel investors at the International Hotel Investment Forum in Berlin. This was achieved in partnership with SDI.
 - Completing successful civic visits raising investment profiling opportunities with partners such as the Edinburgh Science Festival in November 2015 at UAE, and the Royal Edinburgh Military Tattoo in February 2016 at Australia and NZ.
 - Further raising Edinburgh's profile as an international investment location through new promotion of Invest Edinburgh Magazine at Gatwick airport (long haul and European arrival and departure gates).
 - Lobbied at Scottish and UK levels for changes to the visa system which currently has an adverse impact on international talent attraction to Edinburgh.
 - Supported the cities' four universities to increase student take-up from the UAE.
 - Supported the Borders Railway investment project
 - Increased targeting of investors using online platforms (e.g. Twitter and LinkedIn) resulting in greater engagement on the Invest Edinburgh website. The Invest Edinburgh films on YouTube have now received a total of over 248,000 views, including over 70,000 views in the important US market.

- There has also been continued development of investment interest from China. This has been achieved through the creative / tech sector showcase in the Edinburgh soft landing space located in Shenzhen. Five Edinburgh companies won the Create in Shenzhen competition to showcase their products / technology and partner with companies in Shenzhen in May 2016.



The formation of “Business Loans Scotland Ltd” has passed the PDQ stage of the tender process. The opportunity to submit the full tender is expected to open imminently with the deadline for submissions being 35 days thereafter. It is anticipated that successful bidders will be notified in July and if successful Business Loans Scotland could be fully operational from August 2016.



The Edinburgh 12 initiative is now in an advanced stage with seven sites partially complete, under construction or about to commence construction and a further three sites awaiting planning determination. Proposals for the next phase of the initiative are being consulted upon with key stakeholders.

Milestones:

- A total of £565.8 million (net) of investment into the physical regeneration of Edinburgh has been supported since April 2012.
- An application to the national Regeneration Capital Grant Fund for funding to restore the derelict Castle Mills Works on Fountainbridge was successful.



Discussions to consider additional means to raise revenue in order to protect Edinburgh’s cultural competitiveness are being taken forward as part of the City Deal negotiations with the Scottish Government. However these remain subject to further discussion and political endorsement. Further information to be provided as this links to the Edinburgh and South East City Region Deal.



The main aim is to work collaboratively to provide neighbourhood town centre support and improve viability of small independent retailers. Council staff continue to collaborate with the many existing groups already in place. A number of projects have been delivered over the last 6 months including:

- 2 workshops tailored to support retailers delivered in collaboration with the Business Gateway and FSB in November 2015. These workshops were targeted at Leith and Gorgie / Dalry which have highest vacancy rates. There were a total of 8 businesses that participated.
- Small Business Saturday (SBS) – collaborated with Business Gateway to deliver a Christmas market within Waverley Court featuring 15 local businesses in collaboration with Love from Indie Street [I Love Indie Street collective](#).
- Stockbridge – collaborated with SBS, Traders Group and Neighbourhood Partnership to deliver Christmas programme – Stocking themed window dressing, extended opening hours, Santa at Parade and Christmas lights switch on.
- Safer Stockbridge – collaborated with Neighbourhood Partnership and Police Scotland to promote event to support businesses in crime prevention
- Portobello – supported Christmas poster campaign to drive footfall and extend trading hours on the high street.
- Vintage Brochure – collaborated with Libraries to launch Edition 2 featuring 110 businesses to drive footfall city wide. Secured in kind sponsorship from G&V Hotel for catering, provision of a model for photo shoot and prizes for a competition to promote the vintage sector. Completed distribution of 10,000 copies throughout library network and in major information centres throughout the Central belt.
- Support to Edinburgh's Business Improvement Districts which deliver circa £1.3m levy per year and represent 1,142 businesses. Highlights include: Greater Grassmarket selected as the first [Neat Street](#) outside of London to promote the area under a Keep Scotland Beautiful environmental campaign; and the inaugural Vintage Market which recorded an uplift in footfall of 60% over the weekend;
- Queensferry Ambition collaborating with Scottish Government, Royal Navy, War Graves Commission and Fife Council to deliver activities on the high street to commemorate the anniversary of the Battle of Jutland.

The retail vacancy rates was collected and collated across Edinburgh's 8 town centres. The retail vacancy rate for 2015/16 is 6.85%, which is below the Scottish average of 9.1%.



The well being of the city and strong business community links are established and enhanced by a number of projects. Strong international links are promoted via a range on external relations and investor support activities including the Shenzhen & Edinburgh collaborations. In addition to this there is continued strong links to the business community and implementing strategies promoted by the activities of Edinburgh Business Forum, and the work towards the Edinburgh and South East Scotland City region.

Work of the Edinburgh Business Forum and City Deal

Six local authorities that make up the Edinburgh and South East Scotland City region are working collectively on a bid to the

UK and Scottish Governments for a City Region Deal. The Edinburgh Business Forum will continue to support the Council and its partners as the City Region Deal is progressed.

Milestones:

- Progress on the City Region Deal was discussed at the EBF's Strategy Meeting on 6 April. The Council and its partners continue to progress the City region Deal and will seek support from the EBF as need is identified.
- On 17 February 2016 members of the Edinburgh Business Forum, along with some of their business contacts, attended Creative Edinburgh's Creative & Corporate Love event. Designed to bring the creative and corporate communities together, the theme of the evening was 'A Celebration of the Power of Great Partnerships'.

Strong International links

External Relations and Investor Support activities continue to manage international protocol and relations for new business development:

Milestones:

- Delivering on the Memorandum of Understanding (MoU) between Edinburgh and Shenzhen by focusing on providing support to the outward sector showcase to China in May 2016 and continuing to harness inward investment opportunities
- Successful promotion of the 'Create in Shenzhen' competition, resulting in five Edinburgh based creative and tech companies accompanying the Edinburgh outward delegation to Shenzhen in May 2016. This supports the ongoing deliverables in the Memorandum of Understanding between Edinburgh and Shenzhen. This will contribute towards further partnering opportunities for Edinburgh companies and on delivering on future inward investment potential.
- Supporting University endorsement of the Edinburgh-China Airlink Project from Edinburgh's four universities.
- Support the University and Business demand in the city for Student Post-Study work visa reform
- Arranging for a visit of EUROCITIES Secretary General to Edinburgh to meet with and brief key players across the city in order to strengthen Edinburgh's position within the network and bolster its involvement and capacity to benefit from EUROCITIES membership.

Pledge 29



Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work

During 2015/16 a total of 122 Council apprentices were supported representing 1.1% of FTE workforce, with the majority graduating and securing main grade posts.

In November 54 apprentices graduated from the Council Apprenticeship programme leaving 68 individuals still working toward completion of their apprenticeship.

The Council has also worked in conjunction with NHS Lothian to recruit 24 young people with autism onto the Project SEARCH programme to help them make the transition into work.

This high retention rate following participation on our youth programmes means that the Council's workforce is significantly increasing in the 16 to 24 age bracket and this age group now represent 8% of the Council's workforce.

Due to current recruitment constraints and the uncertainty in the Council arising from the transformation programme only 21 new apprentices were recruited in 2015/16, below the target of 50 per year, and at the moment only 36 new apprenticeships have been identified for recruitment in 2016/17. Meaning that in the short term the target of apprentices being at least 1% of the Council's FTE workforce will not be sustained.

However there is still a strong willingness within Council services to support apprenticeships and it is anticipated that numbers will pick up again following the conclusion of the transformation process bringing numbers back up to target levels. This situation is being actively monitored.

In future, to build on the work of the Edinburgh Guarantee and Project SEARCH, it is planned to look further on how young people with disabilities can be supported into Council employment or the wider job market and this action will progress once the Council restructuring has significantly concluded.