

Extract from the Evaluation of the State of the Midlothian Economy (January 2013)

1. Introduction and Aims

1.1 Introduction

In 2007 Midlothian Council launched its Economic Development Framework for the following decade. As part of the economic strategy, six key sectors (Animal sciences are part of Life Sciences) were identified that were expected to be key drivers of the Midlothian economy:

1. Life Sciences
2. Earth Sciences
3. Construction
4. Tourism
5. Education
6. Public Sector

The CPPMBO group developed Midlothian Economic Development Framework - Sector Action Plans (MEDF-SAPs) for each sector, focusing on opportunities that would support growth, protect assets, add value and create employment in Midlothian. A further action plan was made for animal biosciences in 2011.

Up until 2008, Midlothian had one of the fastest growing economies in the UK¹, and until the economic downturn economic growth was predicted to continue. Since then some parts of Midlothian have seen increased levels of deprivation particularly in the communities of Gorebridge, Mayfield & Easthouses, and Woodburn.

The action plans were updated in 2009 as part of the Council's response to the global financial situation. However, a review of the Midlothian economy is now needed to assess the economic performance from 2007 to 2012 and identify potential growth sectors for the area.

This evaluation should help to determine options for the Midlothian Community Planning Partnership (CPP) Sustainable Growth Midlothian – Maximising Business Opportunities (MBO) thematic group on how to deal with current and future economic problems and take advantage of emerging sustainable economic development opportunities. The evaluation will set out a range of strategic options and practical steps that should be considered for inclusion in future Action Plans and taken forward to improve the state of the Midlothian economy.

1.2 Strategic Context

The current economic difficulties facing Scotland were sparked by the 2007/8 financial crisis and subsequent global recession. This has given rise to severe cutbacks in public expenditure in particular Scottish Government planned cuts of £1.5 billion from 2010-2015. Therefore, in order to ensure local economies such as Midlothian can maximise economic opportunities and address growing problems, the need for greater partnership working and joint solutions is more important than ever.

In 2011, the Scottish Government indicated Community Planning Partnerships (CPPs) need to play a more central role in economic development within their local communities. As a result, in conjunction with Scottish Government, CPPs have reviewed and revised the Single Outcome Agreements (SOAs) for the period 2011-15. SOAs allow CPPs to agree their strategic priorities for their local area whilst also showing how those outcomes should contribute to the Scottish Government's relevant National Outcomes.

A recent report by Audit Scotland² highlighted the overall economic health of the CPP areas across Scotland. Midlothian's economic health relative to other CPP areas is not the worst, but it is not the

¹ Community Planning Research Information Group (2010). *Profile of Midlothian 2010*.

² Audit Scotland (2011). The role of community planning partnerships in economic development Supplement-economic analysis of CPP areas.

best, which underlines that there is room for improvement particularly at a time of economic uncertainty. The report emphasised that:

“CPPs need to undertake a detailed analysis of their local economy and make the best use of the available economic information to inform their economic strategies and plans and set targets in their SOAs.”

1.3 Aims of the Evaluation

The aim of the evaluation is to examine the state of Midlothian’s economy during 2007 and subsequently from the start of the economic downturn in 2008 to the present day.

The evaluation will show:

- To what extent Midlothian’s economy has grown
- To what extent is Midlothian an attractive place to do business
- To what extent has:
 - inward investment been promoted
 - quality and sustainable business locations been created
- Provide up to date information which can inform the CPP -MBO thematic group of options that should be considered for inclusion in future Action Plans.

5.3 Summary

The Midlothian economy is currently not in the worst circumstances as the quantitative analysis in the report underlines. Unemployment rates remain relatively stable however, there is a clear lack of growth in the economy all agree needs stimulating into action.

However it is clear that the global economic climate is still very uncertain and significant cutbacks to public expenditure are still to take full effect. In such circumstances the Midlothian is at risk and anticipation of new needs is vital along-side strong decisive action on the part of all key stakeholders active in the Midlothian economy.

Clearly there are a number of activities that the majority of stakeholders agree would significantly assist Midlothian's economy over the next 5-8 years.

The range and depth in the Midlothian economy is helping to shield it from the worst effects of the current global economic downturn. Clearly the full effects of the cutbacks to the public sector are still to impact on Midlothian however many parts of the private sector are showing signs of positive growth with unemployment relatively stable.

Amongst the stakeholders there was considerable diversity of view regarding the needs of Midlothian in terms of its sustainable economic development as the comments under each of the themes above show. However it was also evident there were a number of common issues that stood out as critical to Midlothian's economic future success. These were:

1. Significant improvement to Broadband connectivity including network coverage, affordability, upload speeds and capacities
2. Improved infrastructure in terms of improving transport links and removing bottlenecks, access to serviced strategic locations and sites
3. Increased promotion of Midlothian business, assets and facilities including tourism
4. Greater partnership working
5. Improved linkages between industry, education and community.
6. Increased technical and administrative capacities to take forward development strategies
7. Access to investment
8. Further integration of education and employability support

5.4 Recommendations

A number of recommendations emerge from the data gathered for the report. In terms of specific actions regarded as essential to support economic development in Midlothian the following are highlighted:

5.4.1 Broadband

Broadband coverage and access is regarded as one of the most important issues that all stakeholders agreed needed urgent attention because it's regarded as fundamental to both economic and social development. However the lack of provision in Midlothian places it at a disadvantage to other areas in Scotland UK EU and globally where broadband access is significantly better. Edinburgh is developing a 'superfast' hub also further exacerbates the lack of broadband access in Midlothian.

Significant improvement to Broad band connectivity in Midlothian will assist most of the key sectors so it is an investment that will derive many economic dividends. It will support businesses, tourism development, improve communication; improve locational advantage for new sites and infrastructure across the area. It is also essential support for all technology sectors working in global markets.

5.4.2 Awareness Raising and Communication

Raising and enhancing the profile of Midlothian is essential to the economy in terms of promoting tourism, helping its business base, encouraging inward investment making Midlothian an attractive place to work and live.

Stakeholders felt actions to promote Midlothian business in Scotland for example in Edinburgh should be improved given the proximity. However promoting Midlothian generally was felt to require further support as it helped tourism and encouraged inward investment. Measures to achieve this may require partnership actions outside Midlothian.

5.4.3 Business support

Support for business especially micro business was regarded as a key priority. Actions to integrate business support services amongst existing agencies were supported, but also the need to increase the scale and accessibility to services for all sectors. Stakeholders also felt it was vital; to provide a balanced approach to business support regardless of location.

5.4.4 Technical Capacity and Administration

Stakeholders agreed that additional technical capacity and administrative support was necessary to ensure an effective economic development plan could be designed and implemented. However it was felt that this additional capacity was not only required in the public sector but also in those sectors vital to the success of Midlothian economic development. In particular support for Tourism and business development was identified as critical.

5.4.5 Site, Image and Transport Infrastructure

There are a number of physical infrastructure requirements for Midlothian identified by the stakeholders. Additional serviced sites for business accessible to the main road and rail networks are required. This is both to help attract inward investment particularly for the hotel sector but also sites for general business. There are number of key transport developments for example the rail link from Edinburgh to the Borders, improved road connections around the A 701, A702 and A703 down to the Edinburgh Ring Road. It was also felt that the image of Midlothian should be improved and in particular the town centres.

All these actions would help increase Midlothian's capacity to develop economically, generate new employment and help re-orientate Midlothian to towards a new sustainable economic future.

5.4.6 Education and Employability

A key aspect identified by all stakeholders was development of closer links between industry, community and education. It was also felt the relationships between the various educational tiers from School through FE and HE needed to closer pathways between them clearer for accessing education and employment support.

This was felt to be important to increasing the flow of skilled local people into employment opportunities emerging in Midlothian but also to help increase labour market mobility to take up opportunities outside Midlothian. Changing relationships brought about for example by the launch of the new Edinburgh College will take time to fully impact however it is also vital that the rolls of organisations in the skills development pipeline that will sustain Midlothian are clear and robust.

5.4.7 Investment

Potentially from 2014~~2020~~ Midlothian is likely to have access to new EU assisted investment programmes supporting both urban, and rural priorities along with a number of key economic and employment themes. It is also likely additional support for technical and administrative capacity will be available from these new EU programmes. This will also involve further phases of investment under the Scottish Rural Development Programme which means Midlothian could potentially access this more easily post 2014.

However in order to ensure Midlothian and its stakeholders maximise the opportunities playing and effective role in shaping the programmes will be needed. This will involve close partnership working, sharing and pooling resources, effective communication and promotion, agreed priorities which align with Scottish, UK and EU priorities. The scale of the funding likely to be available could contribute significantly to all the above recommended actions.