

2009 - 2014

# Perth and Kinross Economic Strategy



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## Members of the Economic Partnership:

- Enterprise North East Trust (Business Gateway)
- Federation of Small Businesses
- Job Centre Plus
- Perthshire Chamber of Commerce
- Perth College
- Perth & Kinross Council of Voluntary Services
- Perth and Kinross Business Community Support Group
- Perth & Kinross Council
- Perth & Kinross Leisure
- Skills Development Scotland
- Scottish Enterprise
- Scottish Government Rural Payments and Inspectorate Division
- Scottish Water
- VisitScotland

## Introduction

The Economic Partnership approved the Economic Development Strategy and Action Plan for Perth and Kinross in 2005 for the period 2006-2010. Regular reports have been made to the Partnership on the implementation of the Action Plan, and it is now considered timely to review the current Strategy and Action Plan. Firstly, significant changes have taken place in the approach by the Government in respect of economic development through the publication of its Economic Strategy in November 2007, and in the role of a number of key Government agencies. In addition the very significant changing economic conditions witnessed over the last 12 months have and will continue to pose significant challenges for us locally in the short to medium term. The introduction of the Single Outcome Agreement has also introduced a momentum for improved joint working within the Community Planning Partnership and a joint commitment to achieving shared objectives and outcomes.

The draft strategy and action plan was developed out of an interactive session with our Community Planning partners in November 08 and further refined through two formal sessions of the Economic Partnership in January and February 2009. A broad outline of the draft strategy was presented to, and feedback sought from a wide range of groupings and key stakeholders through an extensive business and community engagement process. The feedback received has been incorporated into this finalised version.

The Economic Partnership see a role for all the themed Community Planning Partnerships in supporting us to implement the Strategy and Action Plan, and we intend to establish an on-going dialogue to ensure an integrated approach to delivering our joint outcomes.



**Councillor John Kellas**  
*Chair*  
*Perth & Kinross Economic Partnership*



## National Context

The Scottish Government published its Economic Strategy at the end of 2007. The new Government Strategy stressed that economic growth is the purpose of Government and sets out five strategic objectives. These are:

- *Wealthier and Fairer*
- *Smarter*
- *Healthier*
- *Safer and Stronger*
- *Greener*

These strategic objectives are reflected in our new broader based Economic Strategy which reflects the wider contribution of all Community Planning Partnerships and Partners in delivering sustainable economic growth for Perth and Kinross.

The Government has also made operational changes to our economic development Partners, such as Scottish Enterprise, VisitScotland and the formation of a new body Skills Development Scotland. These are key economic partners for Perth and Kinross. One of the challenges stressed in the strategy is the need for the Economic Partnership to be better at linking into the Government's strategic objectives both within the Council and with Partner Agencies. This is the purpose of the Single Outcome Agreements which were recently introduced by the Government. The ambition is to see all of our public services working effectively with both the private and voluntary sectors. The focus for our new Strategy and Action Plan will be on priority areas for improvement and on achieving outcomes.

## Review of the Economy

The Perth and Kinross economy has witnessed growth of 2.6 % per annum over the period 2000-2006. This has been above the Scottish average of 2.1 %. Overall this period has been characterised in Perth and Kinross by population growth, high employment rates, low unemployment levels, continuing high self-employment levels, coupled with higher than national increases for VAT business registration, tourism revenues growth of 17 % for the period 2005-2007, and increased levels of earnings. However, there have been a number of negative trends, employee jobs fell for the period 2005-2006, there are still a substantial number of people remain on out-of-work benefits, and business research and development is well below the average for Scotland. The overall picture over the last 6 years is therefore one of economic growth, but with major challenges still before us.

However, there have been significant economic changes over the last 12 months leading to a much more pessimistic view on economic growth particularly over the next 2 to 3 years. Indeed the national and global economy is experiencing financial challenges on a scale unprecedented in the post World War II era. Factors which have contributed to this have been the collapse of credit and significant falls in property, land and other asset values. All recent independent economic forecasts are predicting negative growth in GDP at a national level, and Perth and Kinross is highly unlikely to be immune to these outside forces impacting on our local economy and our local population.

The Economic Partnership agreed to monitor business confidence locally and undertook the 1st quarterly Business Barometer survey in November 2008, followed up by the 2nd survey in March 2009. Around 50 % of businesses that responded remained confident about future prospects. However it is clear that significant uncertainty and concerns remain about the future within the local business community. We intend to continue to monitor local business confidence and other economic indicators very closely. The survey also indicated that optimism is high in the tourism sector, and access to finance remains a significant issue for businesses.

Job losses have been announced mainly in the construction sector, smaller businesses and in the retail sector over the last few months. Official figures only highlight a relatively small number of redundancies, but we believe the actual figures to be higher. In April 2008 the unemployment (JSA/Job Seekers Allowance claims) figure was at a historically low point of 953 for Perth and Kinross. In the 11 months since, that figure has risen to 2037, an increase of 1084 individuals which represents a 114 % increase in JSA claims. In addition, we have also witnessed a decline in Job Vacancies notified to the Job Centre from 1145 in November 2007 to 405 in January 2009. The overall situation is predicted to deteriorate further in 2009 with unemployment nationally expected to exceed 3 million people.

## Approach to the Review of Economic Strategy

The changing economic climate represents a major challenge for our area and the Partnership. It will be important to ensure that the revised Economic Strategy and Action Plan is relevant both for individuals, business and partner organisations. The focus has to be on actions and achieving clear sustainable outcomes. We will need a much improved alignment of public, private and voluntary resources at a Community Planning level in order to help people locally and also assist businesses through what will be a difficult 2 to 3 years.

However, it will be important to do this within the context of our longer term vision for Perth and Kinross. All partners have agreed that our starting point should be the existing vision as set out in the approved Perth and Kinross Community Plan:

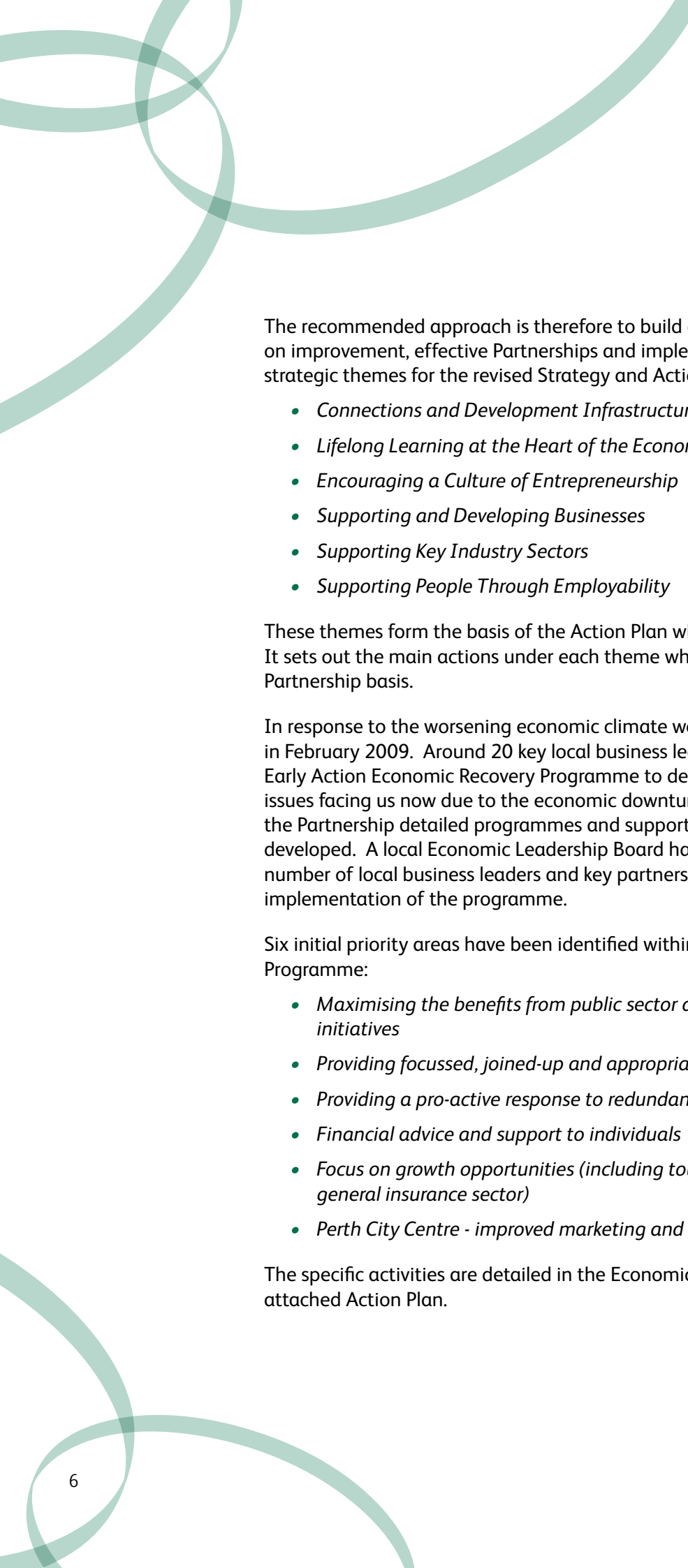
*“Our vision is of a confident and ambitious Perth and Kinross, to which everyone can contribute and in which all can share.*

*We will create and sustain vibrant, safe, healthy and inclusive communities in which people are respected, nurtured and supported and where learning and enterprise are promoted.”*

We have reviewed the current economic themes or drivers set out in our current Strategy and Action Plan (2006-2010) and taken stock of the changing economic environment both at a Perth and Kinross and national level. From that assessment we have developed six key themes and associated actions we feel will assist us to achieve our overall vision. We feel it is important to retain a long term perspective for the economy, but to recognise that shorter term actions will be required to address the existing downturn, strengthen us to take advantage of future opportunities and to create sustainable economic growth.

Within that long term approach and in line with our vision we would like to:

- *Build on the positive contribution that inclusiveness and equality could bring to our local economy by developing a flexible workforce focusing on developing skills and competencies, and by stimulating job creation and business opportunities.*
- *Build on the positive contribution that community leadership coupled with entrepreneurship could bring to both our urban and rural communities.*
- *Build on the positive impact that caring for the environment could bring to the local economy by stimulating job creation and business opportunities.*



The recommended approach is therefore to build on the existing Strategy and focus on improvement, effective Partnerships and implementation. The recommended strategic themes for the revised Strategy and Action Plan are:

- *Connections and Development Infrastructure*
- *Lifelong Learning at the Heart of the Economy*
- *Encouraging a Culture of Entrepreneurship*
- *Supporting and Developing Businesses*
- *Supporting Key Industry Sectors*
- *Supporting People Through Employability*

These themes form the basis of the Action Plan which is appended to the Strategy. It sets out the main actions under each theme which we wish to take forward on a Partnership basis.

In response to the worsening economic climate we convened an Economic Summit in February 2009. Around 20 key local business leaders stressed the need for an Early Action Economic Recovery Programme to deal with the emerging economic issues facing us now due to the economic downturn. It is crucial that through the Partnership detailed programmes and support to businesses and people are developed. A local Economic Leadership Board has been established with a small number of local business leaders and key partners to inform and drive forward the implementation of the programme.

Six initial priority areas have been identified within the Economic Recovery Programme:

- *Maximising the benefits from public sector activity through procurement initiatives*
- *Providing focussed, joined-up and appropriate business advice and support*
- *Providing a pro-active response to redundancy, employability and re-skilling*
- *Financial advice and support to individuals*
- *Focus on growth opportunities (including tourism, renewable energy and the general insurance sector)*
- *Perth City Centre - improved marketing and environmental improvements*

The specific activities are detailed in the Economic Recovery Programme section of the attached Action Plan.

## Measuring the Strategy and Action Plan

The Single Outcome Agreement approach stresses the need for clarity on agreed outcomes and local indicators so that we can monitor what progress we are making in achieving the actions set out in our Strategy and associated Action Plan. A detailed monitoring framework will be established against each of the strategic themes, and shorter-term economic health check indicators developed to monitor the Economic Recovery programme. An annual report will be brought to the Economic Partnership reviewing overall progress with more regular updates on the Economic Recovery Programme reported to both the Partnership and the new Economic Leadership Board.

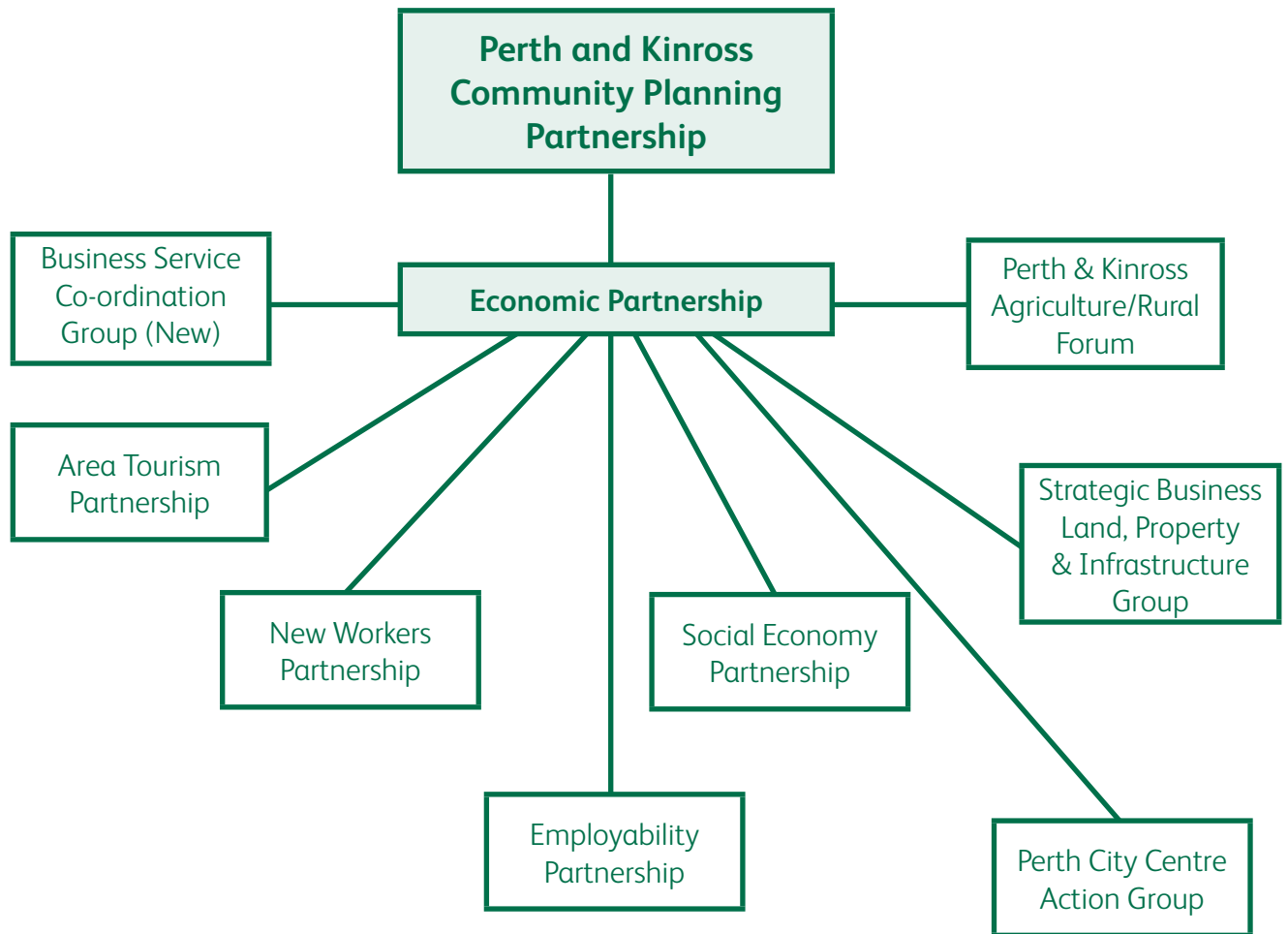
The Economic Partnership has a number of topic specific sub-Partnerships, for example the Area Tourism, Social Economy, and Employability Partnerships all reporting into it at present. These are detailed in the attached diagram. An important role for the Economic Partnership is to ensure that these groups are delivering outcomes and aligned with the emerging strategy and action plan. As part of the review of the Strategy the Partnership have considered our current sub-groups and agreed the following revised Strategy implementation structure (see Diagram 1 - Economic Partnership Structure).

## Leadership from the Economic Partnership

The Action Plan is the delivery mechanism for our Strategy and sets out the activities we will be undertaking over the next 5 year period. Of necessity this is a high level strategic document and it will be essential to deliver the Plan through effective Partnership working. There is no doubt that effective Partnership is often difficult to achieve, but if we can harness it effectively we can deliver outcomes that organisations operating on their own either cannot or struggle to achieve. One of the most critical elements to successful Partnership working is effective leadership not only from the Council in leading the Community Planning process but also from all our Partners in implementing the agreed Action Plan.

# Community Planning Framework

Diagram 1



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الاسم: Shelley Hague  
رقم هاتف للاتصال المباشر: 01738 477950

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