

**FALKIRK COUNCIL**

**Subject:** **ECONOMIC ACTION PLAN - UPDATE**  
**Meeting:** **ECONOMIC STRATEGY & DEVELOPMENT COMMITTEE**  
**Date::** **23<sup>RD</sup> FEBRUARY 2010**  
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**1.0 INTRODUCTION**

- 1.1 At its meeting on 10<sup>th</sup> December 2008, Falkirk Council approved an Action Plan to help support the local economy during the economic downturn. The Action Plan has been progressed in partnership with the local Business Panel and other partners. Subsequent updates of progress have been conveyed at the April and September 2009 meetings of the Committee. The purpose of this report is to report on the final outcomes of the Action Plan and to demonstrate how, with the adoption of the Updated My Futures in Falkirk initiative, its activities will be sustained.

**2.0 ECONOMIC BACKGROUND**

- 2.1 While the economic recession has had a major impact, there are now some solid signs that the global economy is on the road to recovery. The major global economies have now come out of recession. The Eurozone's two biggest economies, Germany and France, emerged last summer, followed by Japan and the US. The UK was still in recession in the third quarter of 2009. However, the preliminary estimate of GDP announced on 26<sup>th</sup> January 2010 shows that the UK economy grew by 0.1% in the fourth quarter of 2009, a very small rise but nevertheless positive. The economy had previously contracted in six consecutive quarters, the longest period since quarterly figures were first recorded in 1955.
- 2.2 In the 18 months of recession, UK output slumped by 6%. While the economy may no longer be *in* recession, it is likely to take several years to recover *from* the recession. Most commentators expect growth to be tentative, and there is a danger of slipping back into negative territory. The Economist magazine's poll of UK GDP forecasts is +1.3% in 2010. If this rate of growth were to continue, output would not reach its pre-recession level until 2014.
- 2.3 Unemployment climbed sharply at the beginning of the recession and the accompanying fall in the number of vacancies continues to create very difficult conditions for jobseekers. However, unemployment has climbed more slowly in recent months and many analysts feel the scale of job losses in the recession is less than originally feared. The fall of employment of around 2.0% in the UK has lagged the fall in output of 6%. In previous recessions, employment has fallen more than output.

2.4 Falkirk's claimant unemployment is noted below:-

	Falkirk Count	Falkirk %	Scotland	UK%
July 2008	2,175	2.3%	2.4%	2.3%
July 2009	4,206	4.5%	4.1%	4.2%
December 2009	4,093	4.3%	4.1%	4.1%

- 2.5 The Falkirk area is currently 19<sup>th</sup> out of 32 in a ranking of Scottish council areas with the lowest unemployment, a slight improvement since July 2009 (20<sup>th</sup>). The number of claimants per notified vacancy was 5.8 at November 2009, lower than most of the previous 6 months but still much higher than the level of 2.9 a year ago.
- 2.6 While the rise in unemployment has abated at both national and local level in recent months, there is no expectation of a speedy recovery towards pre-recession levels. Unemployment in previous recessions has recovered more slowly than output which, as noted above, may be a lengthy process. The UK government is under pressure to begin reducing public sector borrowing and many of its measures to stimulate the economy during the recession are reaching an end. These factors are likely to squeeze jobs out of the public sector and may have a dampening effect on consumer demand. Further research has been commissioned in relation to the Falkirk labour market and the impact of the recession and will be presented at the next meeting.
- 2.7 Nevertheless, recovery is likely to progress if new investors and entrepreneurs can be tempted into the market and there is access to capital. According to the Royal Bank of Scotland, some investor confidence has returned to the UK commercial property market as relative yields look attractive. Commercial property values gained 2.2% in 2009 after a peak to trough fall of 44% over the last two years, though the number of deals still remains small (this has been matched by transactions in the Council's own portfolio).
- 2.8 Despite the significant economic difficulties being experienced, there were some positive developments in the Falkirk economy over the course of 2009:-
- TSC, who faced prospects of a major redundancy at its contact centre operations in Central Park, Larbert, were successful in securing a new contract from Sky, retaining employment for 300 staff and subsequently creating an additional 250 jobs.
  - Following a fire at its premises in Broxburn, Campbell's Prime Meats successfully relocated their business to the former abattoir site at Lathallan, bringing 300 jobs to the area.
  - The Scottish Government announced an award of £2m for Falkirk town centres to assist them in tackling the impact of the recession. The Council's approach has been endorsed as an example of best practice by the Scottish Government's Town Centre Learning Network.
  - The Council initiated the development of a £585k package of support under the UK-wide Future Jobs Fund, creating 90 places for young people who are long-term unemployed.

- The establishment of *Falkirk for Business*, the new business support organisation for the Falkirk area.
  - Further progress of key regeneration projects in the area commencement of the planning process for Denny Town Centre, Tamfourhill and Whitecross.
- 2.3 While there are now some signs that prospects for the national economy are improving, the impact of the recession has had a significant effect on the Falkirk area and the Action Plan has been a necessary part of the local response.

### **3.0 ECONOMIC DOWNTURN RESPONSE**

- 3.1 The Council's Action Plan for the Economic Downturn was put in place swiftly as a response to the recession. Its actions were supported through close involvement with the Business Panel. Similar actions were adopted by authorities across Scotland and the Council's swift response was acknowledged when it participated in a Scottish Government Economic Task Force session in July 2009.
- 3.2 Details of the progress of the activities identified in the Economic Downturn Action Plan is attached. Key highlights include:-
- Completion of a programme of Health Checks/Business Reviews and Credit Crunch workshops, safeguarding 145 jobs has been successfully delivered by *Falkirk for Business*.
  - Development of 5 new workspace units at Central Park, Larbert, completing in March.
  - 400 businesses attended the Falkirk Business Fair.
  - Establishment of the Forth Valley Tourism Partnership following an event for tourism businesses held at Callendar House.
  - The local retail sector was supported through business health-checks and a series of retail master-classes. Grants were awarded to two Retail Groups to develop their local events programmes to attract custom to their centres.
  - Enhancement to the Council's procedures for invoice payment to increase the number paid within 20 days.
  - Development of a programme of support for unemployed people via the Workforceplus Partnership
  - Roll-out of the Backing Falkirk's Future campaign to engage employers in supporting young people to gain work experience and training placement.

### **4.0 TAKING THE ACTION PLAN FORWARD: *MY FUTURE'S IN FALKIRK* UPDATE**

- 4.1 The work of the Economic Action Plan has now reached a conclusion. However the need to sustain its efforts and to prioritise the recovery of the area's economy continues. While this is likely to continue for some time, particularly in its effects on unemployment and in the local property market, it is anticipated by most commentators that the worst effects of the recession have been experienced. As a result the Falkirk area must prepare for economic growth to return. While this growth may be slow and fragmented, it is important that the area exploits its potential and moves forward to realise its potential.

- 4.2 To this end the action plan update indicates the individual actions that need to be undertaken to sustain these efforts. This will involve continued effort and support from the Council and its partners to mitigate the effects of the downturn, continue support for local business and assist local unemployed people (particularly young people), to source employment. The need to assist development in the area through understanding the economic implications of planning applications and Section 69/75 agreements will also need to be maintained.
- 4.3 Throughout the work on the Action Plan the local Business Panel and others have reinforced the message that the strategy for the regeneration of Falkirk's economy must be maintained and that the ambitions for the area must be set as high as possible. The review of the *My Futures in Falkirk* initiative has been completed during the course of the last year and the updated version is presented in a report to the Committee (Item 3). It is intended that the efforts of this Action Plan be carried forward through the work of the updated *My Futures in Falkirk* strategy.

## **5.0 IMPLICATIONS FOR THE COUNCIL**

### **5.1 Policy Implications**

The Economic Action Plan is consistent with the objectives of the Strategic Community Plan, the Corporate Plan and *My Future's in Falkirk*.

### **5.2 Financial Implications**

In December 2008, a revenue budget of £100,000 was approved by Council to support the implementation of the Action Plan over the January 2009 – March 2010 period. This budget has been fully committed principally in the commissioning of additional business assistance through Falkirk for Business and the provision of support to the area's retail sector.

## **6.0 CONCLUSION**

- 6.1 The Action Plan for the Economic Downturn has proven beneficial to the Falkirk economy, enabling an enhanced response by partners to help address the needs of local companies and unemployed people. It is important that its activities are sustained and efforts maintained through the review of the *My Future's in Falkirk* initiative to help the Falkirk economy to renew its growth and attain the ambitions for the area.

## **7.0 RECOMMENDATION**

### **7.1 It is recommended that Committee:-**

- (i) notes the progress made in implementing the Action Plan to help address the economic downturn within the Falkirk area; and

- (ii) Agrees that the actions be sustained through the review of My Future's in Falkirk and as set out in the attached update of the Action Plan.

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15<sup>th</sup> February 2010

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#### **LIST OF BACKGROUND PAPERS**

Nil.