

**Developing a Revamped Economic
Strategy for West Lothian**

Report for

West Lothian Council

frontline

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1 Introduction

West Lothian is Scotland's Economic Hub - due to the areas' central location and reflecting West Lothian's business and labour market connections within Scotland. West Lothian has a cluster of businesses including both multinationals and SMEs with global connections and reputations. Since the launch of the 'West Lothian Joint Economic Strategy - Developing an Economy for the Knowledge Age' in 1998, it has become clear that global and technological change is a constant, and West Lothian has successfully used the resources at its disposal to respond to this change. West Lothian's location, resources and the skills of its people have always been the key to its successful economy; this updated strategy will map how the West Lothian Economic Partnership intends to continue to build on this success over the next ten years.

West Lothian's achievements over the last decade

- Selected as Scotland's First Capital of Enterprise in 2005
- Between 1999 and 2008, West Lothian had the second highest rate of jobs growth of all local authorities in Scotland, second only to the Highland council area.
- Net jobs grew twice as fast as the Scottish average, with 16,000 extra jobs between 1999 and 2008.
- 30% increase in VAT registered businesses between 1999 and 2007. This is the highest net increase for any local authority in Scotland
- Livingston is Scotland's fastest growing retail centre and is now the fifth largest town centre in Scotland.
- The percentage of young people going into higher education has increased from 26.5% in 2006/07 to 34.2% in 2008/09
- In 2008, Bathgate became the first Business Improvement District in Scotland
- West Lothian has closed the gap with the Scottish average for educational attainment.

This strategy will set out West Lothian's economic priorities over the next ten years. It comes at a time when the global economy has been through an unprecedented recessionary period although there are now signs that growth may be slowly returning.

The timing of the strategy means that it must be flexible as we are in a situation where accurate forecasts are difficult and we must be prepared to refocus our priorities when new opportunities arise or unexpected barriers have to be removed. The key priority is to support the acceleration of recovery in West Lothian.

In West Lothian we have built a reputation for enterprising behaviour and we have an economic history of adapting to change and driving hard out of difficult times like these. As public sector funding will be at a premium for some time, this strategy focuses on hard priorities that will help to shape our economy towards a positive future. By building on our existing assets we aspire to create an area, which will be a magnet for talent and investment – retaining skills within West Lothian and attracting new potential from beyond.

The strategy has been produced by a strong partnership of local organisations and stakeholders. It provides a framework for improving the economic prospects of West Lothian people, communities and organisations. It represents a local interpretation of The Scottish Government's economic strategy, and considers West Lothian's contribution to its priorities. It highlights the big issues facing West Lothian, and provides a partnership framework for tackling them.

The strategy addresses two key audiences. Firstly, it speaks to West Lothian people and businesses, providing a snapshot of the West Lothian economy and identifying the challenges we face now and in the future. Secondly, it addresses the West Lothian

Economic Partnership, providing a structure for the wide range of existing partnership activities in place. It also offers a clear statement of priorities and sets out roles and responsibilities for partners. Importantly, it also provides a template for measuring our success in this joint endeavour.

We cannot achieve our objectives for West Lothian in isolation. Some of the issues we face are beyond the power of local partners to address, and our focus throughout this strategy is on those areas where we can make a difference. Equally, we recognise our place in the wider world – not least as part of the wider city region in the East of Scotland – and we recognise the boundaries and challenges that we share with our neighbours.

On a wider stage, the process of developing this strategy has reminded us that the irresistible rise of connectivity and the wider Knowledge Economy, has led to a 'shrinking' of the planet, bringing new opportunities as well as challenges. Through enhanced ICT connectivity West Lothian businesses and residents will be on-line in greater numbers – building wider networks and conducting business with a greater global reach. This strategy acknowledges West Lothian's changing place in this wider context.

We must ensure that all of our people and communities are equipped to access employment opportunities at all levels as we move towards a return to economic growth. In particular, a focus on ensuring our young people have the skills, confidence and aspirations to access opportunities will be important in providing a solid platform for productive, sustainable communities, now and in the future. Continued regeneration and wider access to West Lothian's growing prosperity will promote increased civic pride, in turn promoting a strong image of West Lothian.

1.1 Economic development in West Lothian

That West Lothian is at the hub of the Scottish economy is confirmed by the fact that 60% of the Scottish population and 54% of VAT registered businesses are within one-hour travel time. This represents 3 million people and some 60,000 businesses – and is a huge opportunity. Allied to this, West Lothian has the fastest growing and youngest population in Scotland. One aspect of our growing population that we can capitalise on is turning the growing numbers of people choosing to live in West Lothian to a growing number of people who also work and run businesses in West Lothian. Last and not least is the enterprising nature of the area – and it is this human capital that needs to be built upon and developed to enable us to realise our potential.

To do this education and skills must take its place at the heart of this strategy. The key strength of any economy is its people and West Lothian has one of the youngest and fastest growing populations in Scotland. Most of these young people will leave school with excellent qualifications, ready for the world of work or further or higher education. Some however may struggle with the transition from leaving school and this strategy must ensure that it focuses on supporting school leavers that need help to find employment or a training or education place. West Lothian has already taken great steps towards this and despite the recession, a start has been made in improving the numbers of young people finding positive destinations.

West Lothian strengths must drive the strategy. They will be the building blocks for a prosperous West Lothian economy over the next ten years that will match or exceed the achievements of the last ten years. One of the great strengths that West Lothian has is in the area of public sector partnership, where we remain at the cutting edge of joined-up action in the delivery of health, employment and social services. At a time when the public sector purse is tightening, this pre-emptive action will hold the area in good stead.

1.2 Strategic drivers

The key strategic drivers behind this strategy are therefore:

- Develop the business base
- Maximise West Lothian competitiveness as an investment location and respond positively to opportunity
- Realise the potential of young people

1.2.1 *Develop the business base*

A productive, balanced, growing business base is the anchor for sustainable growth and economic participation. Developing the business base will require a clear focus on:

- Encouraging more start-up businesses in West Lothian
- Supporting West Lothian's priority industries, especially those with high growth potential

Our location at the heart of Scotland, combined with good transport links and cost competitive facilities, leave us well placed to continue to develop our business base. However, the current economic climate means that there will be increased competition from more destinations for fewer businesses. We must therefore refocus our efforts on promoting the benefits of West Lothian building on existing sectoral strengths, and creating an environment that is conducive to supporting entrepreneurial activity and innovation. A focus of this strategy is to not only start good, strong businesses, but to continue to support them to enable them to grow and prosper in West Lothian.

1.2.2 *Maximise West Lothian competitiveness as an investment location and respond positively to opportunity*

The West Lothian economy has been a success story in the recent past, moving from a heavily industrial past (mining and vehicle production) through strengths in electronic manufacture and now retail/logistics. The key strength in enabling this to happen has been the area's ability to react quickly to opportunity and to sell the strengths of West Lothian using compelling arguments based on the added value to businesses the area offers. This remains one of our key differentiators and strengths. Our strategic outlook, policies and interventions must focus on ensuring that we are well positioned to quickly identify and secure future investment, and our communities are in turn equipped to access them. This includes promoting and marketing West Lothian as an investment location attracting new businesses to the area.

1.2.3 *Realise the potential of young people*

In the recent past a great deal of work has gone into addressing the causes of youth unemployment. However, recent figures show that West Lothian has a higher proportion of young people (18-24) who are unemployed than the Scottish average, and a lower proportion of young people who leave school for a positive destination¹. The growth of our young population is a contributing factor, and steps have already been taken to make a strong case for an increase in college places in West Lothian to meet this extra demand. Ensuring that there are both opportunities for our young people, and that they are equipped to access them, is vital to the future success of West Lothian. This includes promoting aspiration, achievement and encouraging enterprise.

These three priorities are interlinked. By developing the business base we will create more opportunities for young people to contribute to the success of growing businesses.

¹ *Destination of School Leavers 2008/09*. Positive destination is defined as higher education, further education, employment, voluntary work or training.

2 The West Lothian Economy in Context

The West Lothian economy has reacted positively to constant change over the last thirty years, moving from one that was dominated by manufacturing, to one where no business sector has more than a quarter of employment.

From the turn of the century to 2006 West Lothian enjoyed a steady and sustained period of jobs growth with one of the most consistently high rates of employment in Scotland. This net increase in jobs masks a continuing shift away from manufacturing to services, most noticeably retail and wholesale distribution, financial services and the public sector. Employment numbers in West Lothian have proven sensitive to the upturns and downturns of the global economy and in 2007 there was a slight decrease in the number of jobs in the West Lothian area (although employment numbers increased again in 2008). Now, however, (first quarter 2010) West Lothian has higher levels of unemployment than the Scottish average and this downturn came about at a faster rate than the rest of the country.

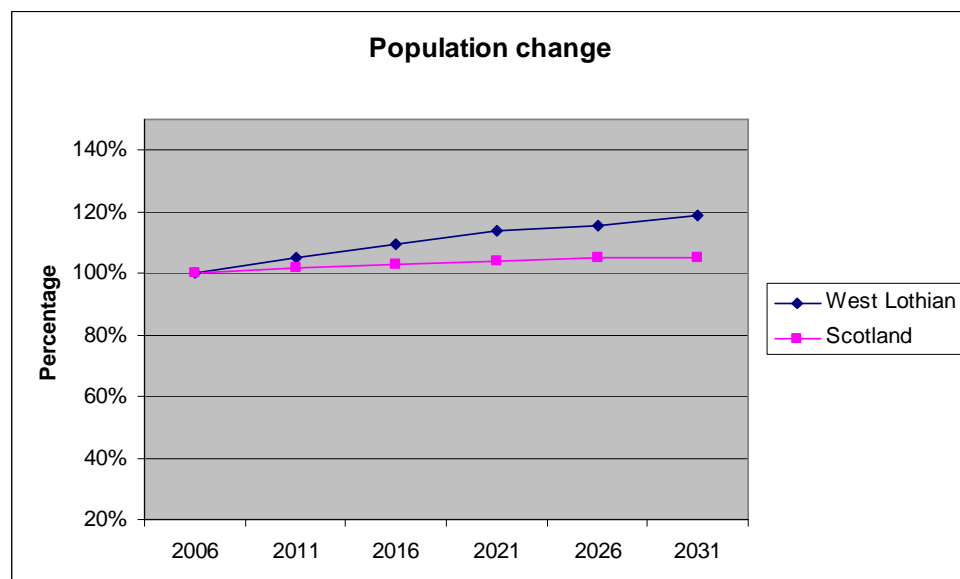
Insert box – West Lothian key facts – The following section inevitably focuses on the challenges facing West Lothian and therefore might dwell on the negative side of the statistics. However, these figures show that there are many positives happening within the West Lothian economy.

2.1 West Lothian people

The last ten years has seen acceleration in the growth of population in West Lothian with the house building programme in 2001-2005 giving West Lothian the highest percentage level of growth in dwellings in Scotland in that period. West Lothian can now anticipate having the highest growth rate for working age population in Scotland over the next 20 years. One of the key challenges is to support people to have a positive choice to work in West Lothian, as well as providing an environment that offers a high quality of life for families.

The West Lothian population is forecast to rise in all age categories, and this is also reflected in those of working age. Currently, West Lothian has a working age population of 1% above the Scottish figure – and this is forecast to rise to 2% in the next ten years and to 3% above by 2031.

Figure 2.1



2.1.1 Economic activity, employment and unemployment

Levels of employment and economic activity are high in West Lothian; Eighty two percent of West Lothian's working age population are economically active². This compares well with many other local authority areas; in fact, only those local authorities in the Highlands, Islands and North East of the country have higher levels of economic activity.

At 4.3% (JSA claimants as % of resident working age population), unemployment in West Lothian is slightly higher than the 4.0% rate of Scotland³. This is the highest unemployment has been in the last 10 years and are a result of the recent recession which has seen the number of claimants rise dramatically since late 2007.

In terms of numbers, there were 4,651 JSA claimants in West Lothian in September 2009. This is comprised of 3,434 male (or 6.2% of working age residents) and 1,217 female (or 2.3%), a gender split that is similar to that of the Scotland and UK economies.

Taking a wider view of unemployment, to include claimants of the non job-seeking benefits, shows a similar picture; West Lothian rates around or slightly lower than the Scotland national figures. There are 18,980 claimants or 17.6% of West Lothian's working age population, equal to the Scotland rate. Incapacity benefit claimants are the largest group with a claimant rate of 8.8%. This is lower than the rate for Scotland at 9%. Just below 2% of the working age population draw Lone Parent benefits (1.9%).

Table 2.2: Working-age client group – key benefit claimants (Feb 2009)

	West Lothian	West Lothian	Scotland
	(numbers)	(%)	(%)
Total claimants	18,980	17.6	17.6
Job seekers	4,390	4.1	3.8
Incapacity benefits	9,430	8.8	9.0
Lone parents	2,030	1.9	1.8
Carers	1,150	1.1	1.1
Others on income related benefits	380	0.4	0.5
Disabled	1,290	1.2	1.1
Bereaved	310	0.3	0.3

Source: DWP benefit claimants – working-age client group

2.1.2 Commuting patterns

West Lothian has a net outflow of people to work in other areas, predominantly Edinburgh. This should not be seen as a negative as areas that neighbour cities tend to have a high level of commuters. In context, West Lothian has a significantly lower net outflow of people than East and Midlothian, demonstrating an availability of local employment in the West Lothian area.

² Source: ONS Annual Population Survey (April 2008 – Mar 2009)

³ Source: ONS Claimant count with rates and proportion (Sep 2009)

Table 2.3 Commuting patterns by Local Authority area 2008

	Live and work in home area	Live in one area but work outwith	Work in area but live outwith	Net outflow
West Lothian	52,900	31,000	21,400	9,600
	62.4%	36.5%		11.3%
East Lothian	20,600	22,100	6,800	15,300
	47.5%	51%		35.2%
Midlothian	15,800	22,600	10,900	11,700
	40.8%	58.4%		30.2%
Scotland average	69.4%	28.5%		

Source: Annual population survey (January to December)

2.1.3 Qualifications

In terms of the qualifications of its residents, West Lothian could be said to be somewhat below the average Scottish performance, albeit with a lower proportion of the population with no qualifications.

In particular, West Lothian (in 2007)⁴ is:

- Ranked 8th lowest of all Scottish local authorities for percentage of working age population with NVQ level 2 and above
- Ranked 7th lowest for percentage of the population with NVQ level 3 qualifications and above
 - Ranked 10th lowest for percentage of the population with NVQ level 4 qualifications and above

Table 2.4: Qualifications (2007)

	West Lothian (numbers)	West Lothian (%)	Scotland (%)
NVQ4 and above	31,300	29.4	33.2
NVQ3 and above	49,800	46.7	51.7
NVQ2 and above	70,400	66.1	68.9
NVQ1 and above	82,500	77.4	79.2
Other qualifications	11,000	10.3	7.3
No qualifications	13,100	12.3	13.5

Source: ONS annual population survey

These figures are slow to move because of the way they are captured - by population - and it should be recognised that the availability of higher levels of employment in West Lothian in the past has encouraged many pupils to leave school prior to attaining higher-level qualifications.

However on a more positive note there has been a marked improvement over the last ten years across all schools in West Lothian. This is illustrated by:

- 97.8% of all pupils gained a qualification in 2007/08, in comparison with the Scottish average of 96.5%.
- West Lothian now better or equals the Scottish average across four key indicators of educational attainment. In 1998/1999 we exceeded the Scottish average in only one of these 8 key indicators.

2.2 Youth unemployment

Breaking down unemployment figures by age shows that youth unemployment in West Lothian is higher than the Scottish average. The table below shows that the proportion of JSA claimants who are aged 18-24 is higher in West Lothian than it is in Scotland. 7.1% of 16-19 year olds and 9.3% of 20-24 year olds were claiming JSA in October 2009, compared to 5.4% and 7% for Scotland.

Table 2.5: JSA claimants by age and duration (October 2009)

By age of claimant	West Lothian	West Lothian	Scotland
Aged 16-19	620	7.10%	5.4%
Aged 20-24	965	9.30%	7.00%
Aged 25-49	2,445	3.90%	3.90%
Aged 50 and over	660	2.50%	2.40%

Source: ONS Claimant Count

Of concern are the 'unseen figures' of those on other benefits where the Scottish Government calculates that there are a total of 920 unemployed in the 16-19 bracket (including the 620 JSA claimants shown in the table above).

The table below shows the destination of school leavers for West Lothian (both 2007/08 and 2008/09), and comparative figures for Scotland (2008/09). The figures show that in West Lothian between 2007/08 and 2008/09:

- significantly more school leavers entered higher and further education, although both figures continue to be below the average for Scotland
- almost 50% more school leavers are entering training, although the figures for West Lothian are still below the Scottish average
- significantly more school leavers are unemployed and seeking employment in West Lothian (17%) compared to Scotland (11.5%)
- there has been a slight decrease in the number of school leavers moving to a negative destination in West Lothian over the past year (a reduction of 0.8%); however, the figure for West Lothian (18.4%) remains significantly above the Scottish average (14.3%)

Table 2.6: Destination of leavers from schools

	HE %	FE %	Training %	job %	Unempl -oyed seeking %	Unempl -oyed not seeking %	n/k %	Negative destinations %
West Lothian (07/08)	29	22	2	27	16	1	2	19.2
West Lothian (08/09)	34.2	25.4	3.9	17.8	17	1.1	0.3	18.4
Scotland (08/09)	34.9	27	5.1	18.4	11.5	1.6	1.2	14.3

Source: The Scottish Government

The proportion of school leavers entering employment has fallen significantly between 2007/08 and 2008/09 in West Lothian, from 27% to 17.8%. This trend reflects what is happening across Scotland, where the proportion of leavers entering employment decreased by around 7% in the year to 2008/09, the largest annual decrease since 1992/93.

2.3 West Lothian business base

In 2007, there were 3,630 VAT registered businesses in West Lothian. West Lothian appears to have a higher rate of VAT registrations than Scotland, or Great Britain.

Table 2.7: VAT Registered Businesses (2007)

	West Lothian (numbers)	West Lothian (%)	Scotland (%)
Registrations	470	12.9	10.3
Deregistrations	225	6.2	6.8
Stock (at end of year)	3,630	-	-

Source: BERR - vat registrations/de-registrations by industry

West Lothian's VAT registered businesses account for 3% of Scotland's total.

2.3.1 Gross value added

Gross Value Added⁵ or GVA is a measure in economics of the value of goods and services produced in an area or sector of an economy. When calculated per head of population it is an indicator of the wealth of an area and is a good way to get an idea of the performance of an area's economy. It is, however, difficult to get an accurate and up to date figure for the GVA per head at local authority level.

As shown below, using headline GVA gives a per head GVA of £18,602 for West Lothian, slightly higher than the Scotland GVA per head of £18,246.

Table 2.8

	West Lothian (£m)	West Lothian (per head)	Scotland (per head)
Headline GVA	3,082	£18,602	£18,246

Source: ONS Regional Accounts

2.3.2 Earnings

There are two measures of earnings in a local economy: resident and workplace. Resident earnings are the earnings of those people who live in an area, and include those who travel outside of the area to work. Workplace earnings are the earnings of those who work in the area, and will include those who commute in for employment.

Analysis of both measures of earnings indicates that the difference between West Lothian and Scotland in terms of distribution of workers through the occupation groups is followed through in earnings; West Lothian earnings lag the Scotland average. Indeed, in terms of resident earnings weekly earnings in West Lothian are, at £421, amongst the ten lowest in the country. Over time, West Lothian's (resident) earnings have been consistently below the Scotland figure.

Table 29: Median Gross Weekly Earnings (2008)

	West Lothian (£)	Scotland (£)
Resident	421.4	460.1
Workplace	420.2	461.8

Source: ONS Annual Survey of Hours and Earnings 2008

⁵ GVA is gross sales income less spending on goods and services. It is equivalent to profits plus employee costs.

2.3.3 Employment by occupation

Analysis of employment by occupation group highlights that West Lothian, in comparison to Scotland, has a lower proportion of employees in the top occupation groups:

- more than 38% of West Lothian workers are in groups 1-3, compared with 41.5% of workers in Scotland
- West Lothian has a slightly higher proportion of groups 4 and 5, administrative jobs and the skilled trades than Scotland and a slightly lower proportion in groups 6 and 7, personal services and sales
- consequently, West Lothian has a higher proportion of workers in the bottom two occupation groups than the Scottish average, 21.7% in comparison to 18.8%

Table 2.10: Employment by occupation (April 2008 – Mar 2009)

	West Lothian (numbers)	West Lothian (%)	Scotland (%)
Soc 2000 major group 1-3	32,600	38.2	41.5
1 Managers and senior officials	11,300	13.3	13.3
2 Professional occupations	10,000	11.6	13.3
3 Associate professional & technical	11,300	13.3	14.9
Soc 2000 major group 4-5	20,500	23.9	22.9
4 Administrative & secretarial	11,200	13	11.3
5 Skilled trades occupations	9,300	10.9	11.6
Soc 2000 major group 6-7	13,900	16.2	16.8
6 Personal service occupations	6,600	7.7	8.9
7 Sales and customer service occs	7,300	8.5	7.9
Soc 2000 major group 8-9	18,600	21.7	18.8
8 Process plant & machine operatives	9,900	11.6	7.3
9 Elementary occupations	8,700	10.1	11.5

Source: ONS Annual Population Survey

In comparative terms, West Lothian has a healthy economy characterised by high employment levels, low concentrations of deprivation and a healthy business base in terms of the generation of new businesses.

Having said that, the occupation profile identifies a lower proportion of workers in the higher occupational groups, West Lothian residents have lower level qualifications than the rest of the working age population in Scotland, and so, not surprisingly, average earnings are lower than in the rest of Scotland.

2.3.4 Vacancies

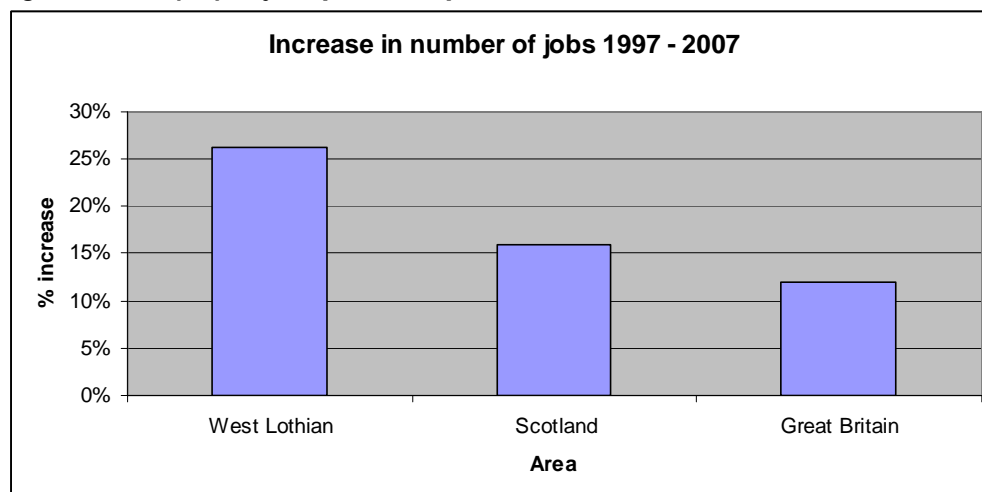
An analysis of unfilled job vacancies shows that the rate of vacancies is slightly lower in West Lothian than in Scotland as a whole – 58 per 10,000 working age population for West Lothian compared to 60 for Scotland⁶. This is unusual as the rate has normally been higher in West Lothian than in Scotland in the last ten years. When allied to other indicators, this indicates that West Lothian has suffered more in employment terms than the average Scottish area. With this in mind it is important to be prepared to support people back into employment when economic confidence returns and the upturn starts to emerge.

⁶ Source: Job Centre Plus vacancies (October 2009)
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2.3.5 Employment by industry

The number of jobs in the West Lothian council area increased significantly in the ten years from 1997 – 2007; in 1997 there were 59,200 jobs, which increased to 74,700. So, there were around 15,500 new jobs in the areas in a decade, an increase of 26%. The number of jobs in Scotland increased in the same time period by 16%.

Figure 2.11: Employee jobs (1997-2007)



Source: ONS annual business inquiry employee analysis

This increase in jobs was primarily due to the strength of the service sector, the largest employer with 56,000 jobs (this includes public sector services), up 18,500 in the decade 1997 – 2007, a 49% increase.

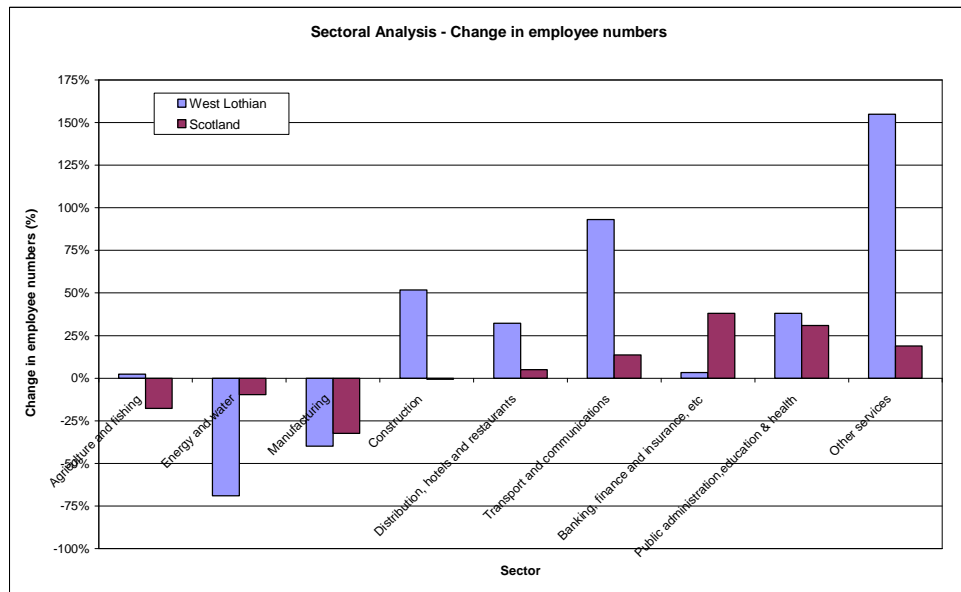
Table 2.12: Employee jobs (2007)

	West Lothian	West Lothian	Scotland	Great Britain
	(employee jobs)	(%)	(%)	(%)
Total employee jobs	76,300	-	-	-
Full-time	55,800	73.2	67.8	68.8
Part-time	20,500	26.8	32.2	31.2
Employee jobs by industry				
Manufacturing	11,000	14.4	8.7	10.2
Construction	8,200	10.7	5.9	4.8
Services	56,200	73.7	81.9	83.5
Distribution, hotels & restaurants	18,000	23.6	22.2	23.4
Transport & communications	4,500	5.9	5.1	5.8
Finance, IT, other business activities	11,000	14.5	19.1	22.0
Public admin, education & health	17,200	22.6	30.0	27.0
Other services	5,400	7.1	5.4	5.3
Tourism-related†	4,700	6.2	8.9	8.2

Source: ONS Annual Business Inquiry Employee Analysis

2.3.6 Change in employment numbers

Figure 2.13: Change in employee numbers by sector 1997-2007

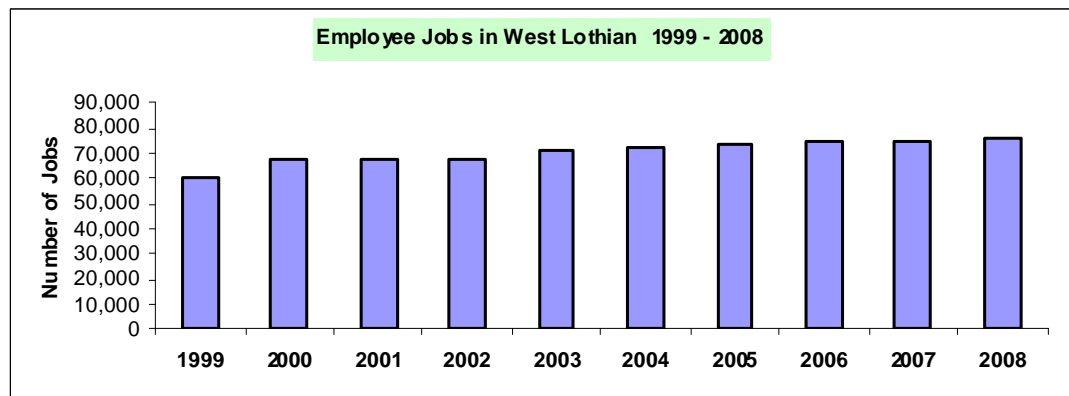


Manufacturing, as may be expected, declined significantly in the same time period. Employment was down 38% between 1997-2007, to 11,100 jobs. West Lothian has perhaps been hit particularly hard by the decline of manufacturing, given the past strength of the industry in the local area. Where manufacturing accounted for 30% of employment in 1997, the figure stood at 15% in 2007. To put this into perspective, the figures for Scotland were 15% and 9% respectively. This comparison serves to highlight the extent to which the sector has been hit, the continuing relative strength of the sector in West Lothian, but also the vulnerability of West Lothian to what can only be predicted to be the continuing decline of manufacturing, particularly in the current economic climate.

This also applies to construction, which had seen a huge growth in percentage terms, where the number of jobs increased by 116% over that ten year period. That accounted for just over 3,000 new jobs taking employment in the sector to 6,800.

Overall the trend in West Lothian has been for the number of jobs to increase. The only dip in numbers was in 2007, but in 2008 the trend was upwards again.

Figure 2.14: Change in employee numbers 1997-2007

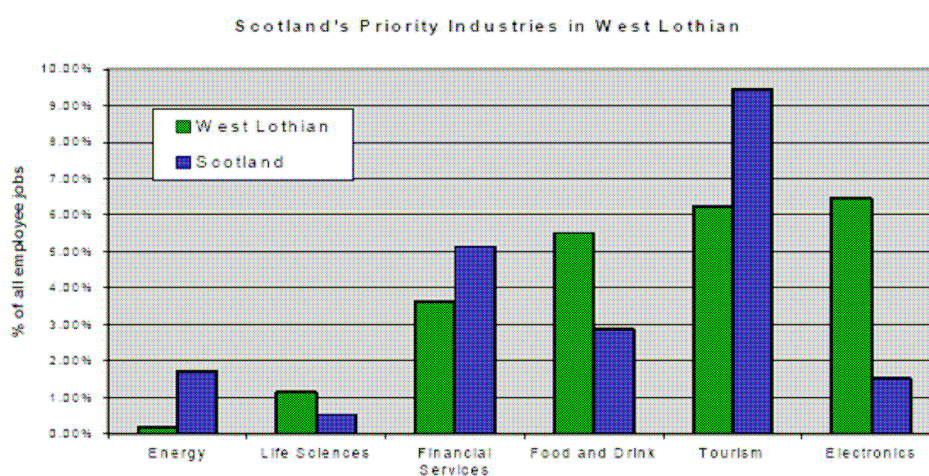


2.4 Key Sectors and Industries in West Lothian

West Lothian provides a base for a wide variety of businesses and organisations that have located or developed here – more than 4,500 businesses and other employers in total. A number of industries have grown in scale to the extent that they have achieved a critical mass and offer significant opportunities for further growth. Other sectors are less well developed but also provide potential, having been identified as important to the wider Scottish economy.

2.4.1 Scottish Enterprise Priority Industries in West Lothian

West Lothian has a vital role to play in encouraging growth in Scotland's priority industries. An important part of West Lothian's strategy therefore is to develop these priority industries and support the growth of a diverse range of SMEs.



Food and Drink – West Lothian has 65 companies and 4,500 employees in this sector including both large-scale and niche producers. West Lothian's hub location enables firms to supply national and international markets.

Life sciences – West Lothian bolsters a significant biotechnology and medical products business sector with 13 major companies such as J&J Medical and Quintiles employing over 2,200 employees. In addition, there are a number of smaller but equally dynamic firms contributing to the strength of the sector.

Financial Services – This sector is particularly strong in metropolitan Edinburgh and West Lothian has large employers within the sector with approximately 2,600 employees, notably IF and HSBC and a wider group of firms serving local markets.

Tourism – West Lothian has a number of heritage and recreational assets of national significance, family orientated attractions catering for day visitors and a retail sector that draws in visitors from across Scotland and the UK.

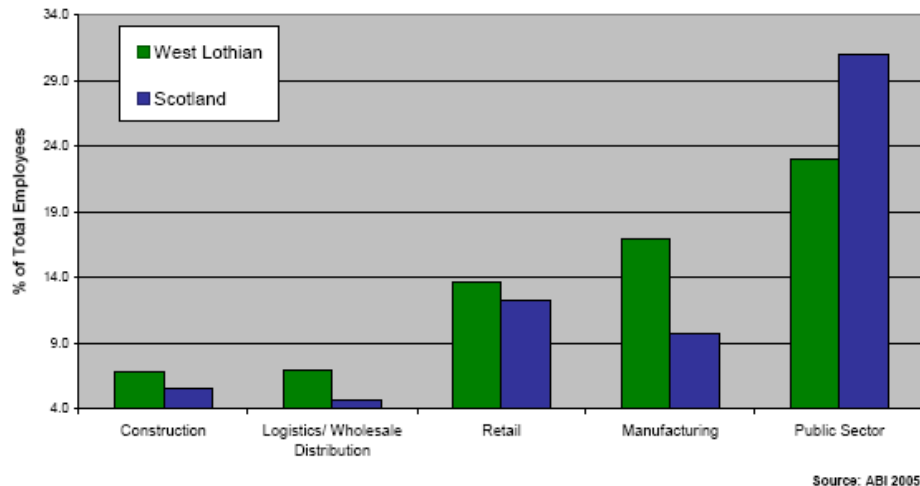
Energy – Whilst West Lothian has only a small presence within this sector; there is significant potential and commitment to promote the wider use and development of renewables.

Electronic Markets – Still a very significant presence in West Lothian with 85 firms and 4,800 employees. West Lothian is home to some of the world's leading companies and a diverse indigenous electronics and opto-electronics sector.

2.4.2 Other Industries Important to West Lothian

West Lothian also has a number of additional sectors that are important to the local economy, which complement and support Scotland's priority industries.

Other Industries Important to West Lothian



Logistics and Distribution – 300 companies and 5,200 employees based in West Lothian. The sector includes specialist warehouse and freight operators, distribution operations linked to food, drink, electronics and other manufacturing operations and the Scottish distribution hubs for major retail chains.

Construction – 490 companies and 4,900 employees based in West Lothian. With so much current and planned investment in property and infrastructure, West Lothian is experiencing major growth in construction related activity and employment. Allied to this, there are numerous civil engineering and construction contractors, material suppliers and training specialists located within the district.

Retail – West Lothian's tourism potential is reinforced by its strong specialist retail offering. Overall the sector employs 10,300 employees based in West Lothian. With major expansion of Livingston Town centre complementing the developments in the traditional town centres, further growth in the sector is anticipated.

Public Sector – West Lothian lags behind Scotland as a whole for the percent of public sector jobs in the local economy. However, proactive marketing of West Lothian as helped to attract a number of high profile public sector bodies and agencies including the Inland Revenue customer contact centre, Scottish Building Standards Agency and HM Inspectorate of Education (HMIE).

2.5 Deprivation

The Scottish Index of Multiple Deprivation (SIMD) divides Scotland into datazones, and measures a range of indicators – grouped into domains - that may be a measure of relative deprivation. Each datazone is then ranked according to its score on these various indicators. West Lothian is not a deprived area in comparison to many other local authority areas, but there are pockets of multiple deprivation – that can be missed using SIMD.

SIMD is at its most useful when mapping disadvantage in cities and larger towns, where deprivation tends to be much more geographically defined within larger areas of predominantly public sector housing. In the more 'dispersed urban' settlements of West Lothian, and rural areas, housing tenure is more mixed even within individual datazones. Deprivation is also less evident through area-based analyses. There are 7 domains in the 2009 Scottish Index of Multiple Deprivation: Income; Employment; Health; Education, Skills and Training; Housing; Geographic Access to Services; and Crime.

West Lothian has 3 more datazones in the most deprived 15% in 2009 than was the case in 2006, although changes to the way SIMD are measured mean the two years are not directly comparable. There has been an increase in the number of datazones in the most deprived 15% in 2 of these domains: employment and health

Table 2.14: SIMD (2009)

SIMD Domain	Number of West Lothian Datazones in the top 15% most deprived (2009)	Change from 2006 (Number of Datazones)*
Income	16	-2
Employment	16	+6
Health	35	+16
Skills, Training and Employment	15	-5
Housing	0	No change
Geographic Access to Services	16	No change
Crime	30	-1
ALL DOMAINS	17	+3

*Note that due to changes in the indicators used in each domain, the years are not directly comparable

West Lothian has 17 datazones in the top 15% most deprived datazones in Scotland. Seven of these are in the top 10% most deprived, and none in the 5% most deprived. Given that the West Lothian population is 3.3% of Scotland's total, West Lothian appears to be faring well. However, an underlying factor is that the situation in Glasgow has improved, so the datazones in the most deprived 15% are now distributed more widely across other authorities.

An analysis of employment-deprived data used as part of the SIMD shows that only 15% of the 12,410 employment deprived people (i.e. jobless on a range of government benefits) actually live in deprived areas. In short, tackling deprivation and economic exclusion in West Lothian should mainly focus on target groups rather than geographic areas, otherwise there is a risk that deprived people in need of support will be missed.

West Lothian's deprivation is therefore better illustrated by looking at and tackling unemployment levels, the rate of benefit claimants and the number of young people in the MC,MC group – and that is what we will do.

2.6 Part of a bigger picture

In a rationalisation of its economic development delivery, Scottish Enterprise promoted a City Region approach and West Lothian now make up part of the East Region. Taking account of a partnership approach the following figures consider how West Lothian fits into a bigger picture regarding employment.

Table 2.15

Employment (000's)	2008	2009	2010	2011	2012
Edinburgh	337	327	322	322	325
East Lothian	32	31	31	31	31
West Lothian	83	80	79	80	81
Mid Lothian	32	31	30	30	30
Stirling	57	56	52	52	52
Falkirk	66	64	66	67	67
Clackmannanshire	16	16	16	16	16
Fife (excluding NE Fife)	120	117	115	115	116
Scottish Borders	55	54	53	53	53
East Region Total	796	775	765	765	772

- given their sectoral mix, Edinburgh, Mid-Lothian and West-Lothian suffered most from the downturn in 2009 and the associated difficulties in financial and business services, with employment falling by 3.0%, 2.9% and 2.6% respectively.
- a return to GVA growth is expected in the majority of the local authorities within the city region, with West Lothian performing above the regional average
- All local authorities are expected to gain jobs from 2012 onwards with Edinburgh, gaining 23,000 of the 45,000 net new jobs expected in the region between 2012 and 2018

Western economies have been through perhaps their sharpest setback period since the war, with widespread difficulties and challenges. It is expected that output from the East Region will have contracted by 2.5% in 2009 and will experience only modest growth of 0.7% in 2010. This is in line with the expected performance for Scotland as a whole, though less severe than the 2.9% fall in output predicted for the UK in 2009.

Employment has fallen in 2009 and is forecast to continue to fall in 2010 with the loss of 20,600 and 10,600 jobs respectively. A return to growth in employment terms is not expected until 2012. The problems are not confined to the financial services sector but are spread across all sectors, with only education and health escaping from job losses.

For the reasons set out in this section, this strategy must recognise that the recession has cut deep and will continue to hurt in the short term. It must also recognise how important it is ensure that West Lothian is ready to embrace the upturn and seek to take advantage when opportunities emerge.

3 The Way Forward

At a time of economic challenge, there are two key principles that have underpinned the development of the strategy. The first relates to spheres of influence and the need to focus on actions where, at a local level, the partners can make a difference. The second is the need to focus investment on a limited number of deliverable priorities. Those priorities are in:

- Enterprise and business development
- People and skills
- Inclusion
- Business Infrastructure, regeneration and visitor assets

3.1 Enterprise and business development

Creating a stronger entrepreneurial base is a vital component of a successful economy, as is increasing the number of knowledge based businesses and businesses from key sectors. Building on West Lothian's distinctive strengths to attract and retain such businesses will be as important as encouraging the full entrepreneurial spirit of our people to come through.

Key partners in progressing enterprise and business development are Scottish Enterprise, West Lothian Council, West Lothian Chamber of Commerce, Federation of Small Business and West Lothian College

3.1.1 *Objective 1: Supporting entrepreneurship*

West Lothian needs a churn of new businesses and they must get every support to be both successful and sustainable.

Actions:

- Equip would-be entrepreneurs with the skills to support sustainable businesses
- Expand incubation facilities and tie in with all partner support, including finance, legal, education etc.
- Promote programmes to increase the number of new local businesses formed – including high growth start-ups
- Promote entrepreneurial activities in schools and colleges

3.1.2 *Objective 2: Grow innovative, competitive and sustainable businesses*

West Lothian must also be a loyal and supportive environment for the businesses that are already here

Actions:

- Support the businesses to develop new:
 - products
 - processes
 - markets
 - services
- Support for local businesses in adopting innovation, new technologies and sustainable energy
- Link businesses to expertise in education

3.1.3 *Objective 3: Focus on priority industries*

West Lothian has a strong business base but a priority is now to support the Scottish Government and Scottish Enterprise drive to support the priority industries that have significant growth and high value added employment prospects.

Actions:

- Attract professional business services to Livingston Centre and traditional town centres
- Promote the M8 corridor as the 'must have address' for priority industries
- Re-invent the Alba campus as the place for business
- 'Joined up West Lothian' to attract and support businesses in priority industries that are of area significance
- Spend the time required to involve businesses that may not recognise themselves as part of 'a sector'. Their input may currently be being missed

3.2 **People and skills**

Supporting and building upon the innovative nature of our people will be of the utmost importance in realising this strategy. We must ensure that all levels of education supply are adequately resourced and must continue to make the case for additional central support for our schools and colleges to meet our rising population. Youth unemployment has become a significant issue and a major waste of the talent and enthusiasm that young people can bring to our economy.

Key partners in progressing People and skills are West Lothian Council, West Lothian Chamber of Commerce, Oatridge College, Skills Development Scotland and West Lothian College

3.2.1 *Objective 1: Increased opportunity for school leavers*

West Lothian must ensure the reduction in the proportion of school leavers who leave school for a negative destination continues (i.e. who do not move into employment, higher/further education, training or voluntary work) through continuing to create positive options

Actions:

- Bring schools and business together and invite local business speakers (potentially parents) to inspire school pupils through 'selling the dream'
- School/college partnerships are working – develop and build on this success
- Develop routes into positive futures for all school leavers

3.2.2 *Objective 2: A focussed workforce development plan*

An informed workforce development system is critical in ensuring that skills and business demand are in harmony.

Actions:

- Develop a sustainable mechanism that will link the supply of skills to demand
- Establish a strong link between Scottish Enterprise priority sectors and support this link into skills pipelines

3.2.3 *Objective 3: Easy access to learning for business and enterprise*

Education and training are recognised as important. In West Lothian any barriers to learning must be recognised, tackled and removed.

Actions:

- Market learning benefits to business and make education/training 'easy to buy'
- Be creative in attracting funding from partnership and European pots
- Establish education/SME links
- Support enterprise in West Lothian through a knowledge transfer programme linking the West Lothian Colleges and potentially partner universities.

3.3 Inclusion

Whilst focussing on the areas strengths to take the economy forward, we retain the view that economic inactivity is something that is to be challenged at every turn. One of the scourges for many people is the inability to apply for jobs because of poor employability skills and changing this is at the heart of our inclusion agenda. We also want to give greater support to those that have fallen foul of the recession by supporting them back to work through a variety of routes. Finally, we intend to support ways of bringing back civic pride to our communities through positive action in our social housing policies.

Key partners in progressing Inclusion are DWP and JobcentrePlus, West Lothian Council, West Lothian Chamber of Commerce, Voluntary Sector Gateway West Lothian, West Lothian College, and other third sector partners

3.3.1 *Objective 1 Improving core employability skills*

A lack of core skills including basic literacy and numeracy, represent an ongoing barrier to engagement for a significant number people in Scotland and the UK. Achieving basic skills are not only key building blocks that underpin an individuals ability to access employment and development opportunities, but also often prevent engagement in the wider community. Our challenging – but achievable – target is to make West Lothian the best performing area in Scotland in terms of adult core employability skills by 2020.

Actions:

- Support schools to ensure that all young people gain the skills, motivation and confidence to move into work or other positive destinations on leaving school
- Prioritise the availability of post-school literacy/numeracy support that is employability and employment focussed

3.3.2 *Objective 2 Supporting employability and jobs access*

The short-term focus is getting people into back into a job or wider opportunity through working with partners.

Actions:

- Promoting government sponsored and national programmes
- Utilising the community and voluntary sector better – they can play a key role in an individuals journey back into employment
- Labour agreements with employers and investors to enable jobless to access employment

3.4 Business infrastructure, regeneration and visitor assets

West Lothian's location inspired the 'Scotland's economic hub' strap line and we will continue to focus on the areas physical strengths. West Lothian has a rising population with new housing being constructed to meet demand and reshaped communities being formed. We now need to make the greatest economic impact from this and maximise the potential to attract short-term visitors.

Key partners in progressing this theme are Visit West Lothian, West Lothian Council, private sector partners, town centre management groups and Scottish Government.

3.4.1 Objective 1: From 'living in' to working in' West Lothian

West Lothian has attracted a growing population to live in the area; a strong economy and infrastructure will encourage and enable more people to also work in the area.

Actions:

- Digital Britain will refocus development on technology. Focus planning efforts on including fibre optic infrastructure to be included in all residential developments to better enable working at home (although recognise that in the short term industry is unlikely to lay the cable itself)
- 10 years from now – Wireless West Lothian
- Ensure a wide supply of available business sites and premises are available, particularly through public/private partnership working
- Focus on embedding the current infrastructure plans to enable West Lothian to take advantage of any opportunities that do emerge (e.g. waste, renewables, increase scale of shopping, new prison, external funding opportunities)

3.4.2 Objective 2: Creating an integrated and sustainable transport infrastructure

West Lothian's location makes it the hub for the Scottish economy, but this must not mask the need to have a transport infrastructure that supports our rural areas, our business infrastructure and our environmental targets.

Actions:

- Support West Lothian's Local Transport Strategy (2009) in its aim to support economic development and social inclusion by developing and promoting sustainable transport solutions that support the area to reach its potential, and enable local communities to access opportunities
- Explore alternatives for freight transport (e.g. union canal/rail freight terminal) to free capacity on key transport arteries
- Work to implement bus priority measures to help buses maintain fast, reliable journey times and promote increased use to support West Lothian environmental targets
- Maximise the economic development and regeneration potential of the Bathgate to Airdrie rail link

3.4.3 Objective 3: Join up the visitor offering and maximise the potential of town centres

There is widespread growth in the tourism and leisure market and West Lothian must ensure that it is recognised as a player in this through maximising impact from our location and any emerging opportunities.

Actions:

- Encourage people who come to the retail centres to take advantage of other leisure opportunities in the area including Almond Valley Heritage Centre and Go Ape.
- Encourage interest from hotel chains in developing more hotels along the M8 corridor and build bed-night's to support Edinburgh spill-over
- Promote West Lothian's real tourism strength of central location – great for enabling people to access three main areas of interest in Scotland (Glasgow, Edinburgh, Highlands)
- Support Visit West Lothian to realise the new 5 year plan to develop tourism in West Lothian and in working strategically with Edinburgh
- Improve and promote traditional town centres as retail, leisure, employment and visitor locations

4 Strategic fit and measuring progress

4.1 Strategic fit

Community Plan		
Aspirations	Outcomes	Economic strategy contribution
<p>We strengthen our economy through an improved range and quality of businesses and we raise the quality of life through increased economic participation</p>	<p><i>Making West Lothian the most attractive place in Scotland for doing business</i></p>	<ul style="list-style-type: none"> Equip would-be entrepreneurs with the skills to support sustainable businesses Expand incubation facilities and tie in with all partner support, including finance, legal, education etc. Promote programmes to increase the number of new local businesses formed – including high growth start-up's Support the businesses to develop new products, processes, services and markets Support for local businesses in adopting innovation, new technologies and sustainable energy Link businesses to expertise in education Market learning benefits to business and make education/training 'easy to buy' Establish education/SME links Support enterprise in West Lothian through a knowledge transfer programme linking the West Lothian Colleges and potentially partner universities. Ensure a wide supply of available business sites and premises are available, particularly through public/private partnership working Explore alternatives for freight transport (e.g. union canal/rail freight terminal) to free capacity on key transport arteries
	<p><i>Realising our full economic potential with more and better employment opportunities for our people</i></p>	<ul style="list-style-type: none"> Attract professional business services to Livingston Centre Promote the M8 corridor at Heartlands as the 'must have address' for priority industries Re-invent the Alba campus as the place for business 'Joined up West Lothian' to attract and support businesses in priority industries that are of area significance Spend the time required to involve businesses that may not recognise themselves as part of 'a sector'. Their input may currently be being missed
<p>We manage and balance the effects of an increasing population and social geographic diversity, to protect and</p>	<p><i>We live in well designed sustainable places where we are able to access the amenities and services we need</i></p>	<ul style="list-style-type: none"> Digital Britain will refocus development on technology. Focus planning efforts on including fibre optic infrastructure to be included in all residential developments to better enable working at home 10 years from now – Wireless West Lothian Focus on embedding the current infrastructure plans to enable West Lothian to take advantage of any opportunities that do emerge (e.g. waste, renewables, increase scale of shopping, new prison) Work to implement bus priority measures to help buses maintain fast, reliable journey times and promote increased use to support West Lothian environmental targets Maximise the economic development and regeneration potential of the Bathgate to Airdrie rail link

improve our physical environment for the future	<i>We value and enjoy our built and natural environment and protect it and enhance it for future generations</i>	<ul style="list-style-type: none"> • Encourage people who come to the retail centres to take advantage of other leisure opportunities in the area, • Encourage interest from hotel chains in developing more hotels along the M8 corridor and build bed-night's to support Edinburgh spill-over • Promote West Lothian's real tourism strength of central location – great for enabling people to access three main areas of interest in Scotland (Glasgow, Edinburgh, Highlands) • Support Visit West Lothian to realise the new 5 year plan to develop tourism in West Lothian and in working strategically with Edinburgh • Improve and promote traditional town centres as retail, leisure, employment and visitor locations
We achieve a more inclusive community by providing housing, health and social care services in an integrated way which allows all groups of people to live as independently as possible	<i>We have improved the life chances for children, young people and families at risk</i>	<ul style="list-style-type: none"> • Support schools to ensure that all young people gain the skills, motivation and confidence to move into work or other positive destinations on leaving school •
	<i>We have tackled the significant inequalities in our society</i>	<ul style="list-style-type: none"> • Prioritise the availability of post-school literacy/numeracy support that is employability and employment focussed • Promoting government sponsored and national programmes • Utilising the community and voluntary sector better – they can play a key role in an individuals journey back into employment • Labour agreements with employers and investors to enable jobless to access employment • Support West Lothian's Local Transport Strategy (2009) in its aim to support economic development and social inclusion by developing and promoting sustainable transport solutions that support the area to reach its potential, and enable local communities to access opportunities
We build a dynamic, inclusive learning community which allows all people in West Lothian to develop to their full potential	<i>Our citizens are better educated, more skilled and more successful</i>	<ul style="list-style-type: none"> • Promote entrepreneurial activities in schools and colleges • Develop a sustainable mechanism that will link the supply of skills to demand • Establish a strong link between Scottish Enterprise priority sectors/businesses and support this link into skills pipelines • Be creative in attracting funding from partnership and European pots
	<i>Our young people are successful learners, confident individuals, effective contributors and responsible citizens</i>	<ul style="list-style-type: none"> • Bring schools and business together and invite local business speakers (potentially parents) to inspire school pupils through 'selling the dream' • School/college partnerships are working – develop and build on this success
	<i>Our children have the best start in life and are ready to succeed</i>	<ul style="list-style-type: none"> • Develop routes into positive futures for all school leavers

4.2 Measuring progress

Strategic themes	Strategy objectives	Economic strategy actions	Measured by
Enterprise and business development	<i>Objective 1: Supporting entrepreneurship</i>	<ul style="list-style-type: none"> Equip would-be entrepreneurs with the skills to support sustainable businesses Expand incubation facilities and tie in with all partner support, including finance, legal, education etc. Promote programmes to increase the number of new local businesses formed – including high growth start-ups Promote entrepreneurial activities in schools and colleges 	
	<i>Objective 2: Grow innovative, competitive and sustainable businesses</i>	<ul style="list-style-type: none"> Support the businesses we have to ride the recession and kick on after it through developing new products, processes, services and markets Support for local businesses in adopting innovation, new technologies and sustainable energy Link businesses to expertise in education 	
	<i>Objective 3: Focus on priority industries</i>	<ul style="list-style-type: none"> Attract professional business services to Livingston Centre Promote the M8 corridor at Heartlands as the 'must have address' for priority industries Re-invent the Alba campus as the place for business 'Joined up West Lothian' to attract and support businesses in priority industries that are of area significance Spend the time required to involve businesses that may not recognise themselves as part of 'a sector'. Their input may currently be being missed 	
People and skills	<i>Objective 1: Increased opportunity for school leavers</i>	<ul style="list-style-type: none"> Bring schools and business together and invite local business speakers (potentially parents) to inspire school pupils through 'selling the dream' School/college partnerships are working – develop and build on this success Develop routes into positive futures for all school leavers 	
	<i>Objective 2: A focussed workforce development plan</i>	<ul style="list-style-type: none"> Develop a sustainable mechanism that will link the supply of skills to demand Establish a strong link between Scottish Enterprise priority sectors and support this link into skills pipelines 	
	<i>Objective 3: Easy access to learning for business and enterprise</i>	<ul style="list-style-type: none"> Market learning benefits to business and make education/training 'easy to buy' Be creative in attracting funding from partnership and European pots Establish education/SME links Support enterprise in West Lothian through a knowledge transfer programme linking the West Lothian Colleges and potentially partner universities. 	

Strategic themes	Strategy objectives	Economic strategy actions	Measured by
Inclusion	<i>Objective 1 Improving literacy and numeracy issues</i>	<ul style="list-style-type: none"> Support schools to tackle literacy and numeracy issues at source Prioritise the availability of post-school literacy/numeracy support that is employability and employment focussed 	
	<i>Objective 2 Supporting employability and jobs access</i>	<ul style="list-style-type: none"> Promoting government sponsored and national programmes Utilising the community and voluntary sector better – they can play a key role in an individuals journey back into employment Labour agreements with employers and investors to enable jobless to access employment 	
Physical Infrastructure	<i>Objective 1: From 'living in' to working in' West Lothian</i>	<ul style="list-style-type: none"> Ensure a wide supply of available business sites and premises are available, particularly through public/private partnership working Digital Britain will refocus development on technology. Focus planning efforts on including fibre optic infrastructure to be included in all residential developments to better enable working at home 10 years from now – Wireless West Lothian Focus on embedding the current infrastructure plans to enable West Lothian to take advantage of any opportunities that do emerge (e.g. waste, renewables, increase scale of shopping, new prison) 	
	<i>Objective 2: Creating an integrated and sustainable transport infrastructure</i>	<ul style="list-style-type: none"> Support West Lothian's Local Transport Strategy (2009) in its aim to support economic development and social inclusion by developing and promoting sustainable transport solutions that support the area to reach its potential, and enable local communities to access opportunities Explore alternatives for freight transport (e.g. union canal/rail freight terminal) to free capacity on key transport arteries Work to implement bus priority measures to help buses maintain fast, reliable journey times and promote increased use to support West Lothian environmental targets 	
	<i>Objective 3: Join up the visitor offering</i>	<ul style="list-style-type: none"> Encourage people who come to the retail centre to take advantage of other leisure opportunities in the area – Almond Valley Heritage Centre and Go Ape etc Encourage interest from hotel chains in developing more hotels along the M8 corridor and build bed-night's to support Edinburgh spill-over Promote West Lothian's real tourism strength of central location – great for enabling people to access three main areas of interest in Scotland (Glasgow, Edinburgh, Highlands) Support Visit West Lothian to realise the new 5 year plan to develop tourism in West Lothian and in working strategically with Edinburgh Improve and promote traditional town centres as retail, leisure, employment and visitor locations 	