

# North Lanarkshire Council Report

## Enterprise and Growth Committee

approval  noting

**Ref** PH/DG

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## North Lanarkshire's Economic Recovery Plan

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### Executive Summary

The purpose of this report is to update committee regarding the progress with the development of North Lanarkshire's Economic Recovery Plan to help mitigate the economic impact of coronavirus, as detailed in Appendix 1, and approve key actions outlined in this plan.

### Recommendations

It is recommended that the Committee:

- 1) Approve North Lanarkshire's Economic Recovery Plan as detailed in Appendix 1;
- 2) Note that the Economic Recovery Plan will be subject to ongoing monitoring and review and an update on progress and future actions will be reported to committee in 12 months.
- 3) Remit this report to Policy and Strategy Committee for noting.

### The Plan for North Lanarkshire

**Priority** Improve economic opportunities and outcomes

**Ambition statement** (5) Grow and improve the sustainability and diversity of North Lanarkshire's economy

## 1. Background

- 1.1 The coronavirus pandemic has had a profound impact not just on the nation's health and wellbeing, but also on global, national and local economies. It is likely that the economic effects of the pandemic will be felt for many years to come. Whilst the council is unable to directly influence some of the macro-economic factors that impact on our local economy, it and their partners can still play an important role in supporting local economic recovery.

- 1.2 Although it is still too early to fully assess the medium to long-term economic impact of coronavirus on our local economy it is clear that the effects are already being severely felt with many businesses already closing and unemployment increasing. This is reflected in the key statistics outlined within North Lanarkshire's Economic Recovery Plan attached as Appendix 1.
- 1.3 In August 2020 the Committee approved proposals to develop an Economic Recovery Plan to help mitigate some of the economic impact of the coronavirus pandemic. It was also noted that the Economic Recovery Plan (ERP) should be closely integrated with investment being made through the council's Economic Regeneration Delivery Plan (ERDP) to help address the impact of the pandemic and promote sustainable employment and business durability as part of the wider investment proposals.
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## **2. Report**

- 2.1 Since March 2020, the council has been responsible for delivering a range of short-term actions and activity to support businesses and people at risk of becoming unemployed or economically inactive as a result of Covid-19 through the delivery of a range of grant schemes, advisory services and employability and business support programmes.
- 2.2 While continuing to provide support to businesses to help them access available funding and survive the immediate impacts of coronavirus and lockdown, there is a need to now focus on how the council and its partners can support economic recovery in the short, medium and longer term. This support will not only help businesses to survive but will also enable existing businesses to adapt and grow, attract new business growth, and create a more resilient and inclusive economic base for the future.
- 2.3 In meeting this aim, a new Economic Recovery Plan and associated Action Plan has been developed as outlined in Appendix 1.

The Priorities and Key Actions supported by this plan are:

### **Priority 1: Support people into employment**

- Support and sustain people into employment (including those furthest removed from the labour market)
- Deliver new Scottish and UK Government support schemes which have been developed in response to the impact of Covid-19 on employment opportunity
- Explore and develop new training and employment opportunity in order to help develop and create a more skilled and resilient local workforce

### **Priority 2: Supporting business growth and development**

- Market and promote North Lanarkshire as a business location
- Grow and improve the sustainability and diversity of North Lanarkshire's economy
- Deliver support for Business Recovery
- Help establish a more resilient economy through sector specific and targeted support
- Support the improvement and development of our key business locations

- 2.4 The Economic Recovery Plan is also intrinsically linked to North Lanarkshire Council's Economic Regeneration Delivery Plan (ERDP) and 2021/22 Updated Action Plan which is the subject of a separate report to this committee. The ERDP is particularly focused on physical regeneration activity but is closely aligned to the employability and business support activity outlined in the Economic Recovery Plan to help maximise local economic benefits from planned capital investment and related activity.
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### **3. Equality and Diversity**

#### **3.1 Fairer Scotland**

The actions taken in response to the economic impact of Coronavirus, and the development of an Economic Recovery Plan, are aimed at improving economic outcomes for residents of North Lanarkshire and, through targeted programmes of support, seek to reduce inequality.

#### **3.2 Equality Impact Assessment**

An Equality Impact Assessment has been undertaken as part of the development of North Lanarkshire's Economic Recovery Plan.

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### **4. Implications**

#### **4.1 Financial Impact**

The actions within the Economic Recovery Plan will be delivered within existing or projected financial resources. Opportunities to obtain external funding will continue to be pursued wherever possible to maximise available resources to support economic recovery and growth.

#### **4.2 HR/Policy/Legislative Impact**

There are no direct HR/policy or legislative impacts associated with this report.

#### **4.3 Environmental Impact**

There are no direct environmental impacts associated with this report

#### **4.4 Risk Impact**

- 4.4.1 The risks associated with activity related to supporting Economic Recovery will be incorporated within the Service Risk Register.

- 4.4.2 The risk to the council of not proactively supporting economic recovery is that the economic impact of coronavirus could be even more severe and long-lasting and affect the economic prospects of our residents and our income base for many years to come.
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## **5. Measures of success**

5.1 The indicators that will be used to help measure progress will include:

- % of people aged 16-64 on the claimant count
- % of young people aged 16-24 on the claimant count
- % of unemployed people that have progressed to employment from participation in Council funded/operated employability activities
- % of young people (aged 16-24) that have progressed to employment from participation in Council funded/operated employability activities
- Number of unique businesses supported by North Lanarkshire Council's economic development activity
- % of businesses surviving first three years of trading
- Number of business births per 10,000 working age population (age 16-64)
- Industrial vacancy rate
- Office vacancy rate

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## **6. Supporting documents**

Appendix 1. North Lanarkshire's Economic Recovery Plan.



**Pamela Humphries**  
**Head of Planning and Regeneration**

## Appendix 1

**North Lanarkshire Council's  
Economic Recovery Plan  
2021-2023**

## **1. Introduction**

North Lanarkshire Council's Economic Recovery Plan (the 'ERP') sets out how, in the wake of the coronavirus pandemic (Covid-19), the council will continue to deliver inclusive growth and prosperity for our residents, businesses and communities ensuring that North Lanarkshire is the place to live, learn, work, invest and visit.

Pre-pandemic data shows that North Lanarkshire has one of Scotland's fastest growing economies and significant potential for future growth. The ERP sets out a high-level framework for how the council will aim to build on this success and continue to deliver economic opportunities for all at a time of anticipated economic downturn.

The ERP sits closely alongside, and is strategically aligned to, our Economic Regeneration Delivery Plan (ERDP) which focuses on the physical regeneration of North Lanarkshire through investment in our housing, town centres, and business and industrial offering alongside major infrastructure improvements from roads to digital connectivity.

Moreover, as well as this capital investment, North Lanarkshire Council and their partners already provide a range of economic development interventions including high quality employability and enterprise services aimed at supporting improved job opportunities and local business development and growth.

Our employability offer ranges from assistance to young people entering the world of work, to working with those who face multiple barriers to employment or to helping people who are facing redundancy to upskill and gain new employment opportunities. Our business support on the other hand provides a wide range of advisory services to new start and existing businesses as well as assistance to help local organisations recruit staff, access public procurement opportunities or enter new markets, domestically or internationally. It also includes dealing with the bespoke needs of our business customers from PR and marketing to accessing finance, loan funding and grants or to providing business workshops or one-to-one support.

During the pandemic, our priority has been focused on supporting local businesses and protecting jobs. As a council we have delivered in excess of £43.5 million of Scottish Government grant funding over the last 6 months and we will continue to deliver further financial support and advice as we move through and transition out of the pandemic.

However, going forward, our priority will not only be focused on offering support to help businesses address immediate concerns over loss of trade, protect jobs or support people back into employment, but we will also give attention to ensuring that our businesses and workforce are able to meet and adapt to how changing technologies and market demands are likely to shape future business needs as a result of Covid-19.

In doing so, the support provided through the ERP needs to ensure that we equip our people and businesses with access to the skills and training required to build the workforce and business base which North Lanarkshire needs to recover, grow and remain resilient in the face of future economic challenges.

## **2. The Strategic Framework/Context**

### **Scottish Economic Context**

The coronavirus health pandemic has caused previously unknown levels of economic disruption with businesses across every sector experiencing significant operational disturbance which continues to have a major impact on activity at a global, national and local level. Economic commentators are predicting that this global health crisis could shape UK and Scottish business for decades to come.

Scotland's economic output (Gross Domestic Product- GDP) fell by a record 19.4% in April 2020, having previously fallen by 5.2% in the preceding month. This was primarily due to the lockdown measures imposed across the UK on 23<sup>rd</sup> March 2020 whereby non-essential businesses were instructed to temporarily pause operations or to set up working from home arrangements instead. In doing so, this lockdown effectively mothballed certain parts of the economy such as the construction, hospitality, tourism, arts and leisure sectors.

GDP data shows that Scotland's economic output had begun to recover since lockdown restrictions were eased with data showing that Scotland's GDP grew 2.6% in August 2020, its fourth consecutive month of growth. However, Scottish Government scenario analysis suggests that GDP may not return to pre-crisis levels until the end of 2023 whilst unemployment could potentially take longer to recover. Moreover, such scenarios are also heavily dependent upon the impact of further restrictions on businesses as well as the level of support made available from central Government for economic recovery.

At a sectoral level, growth has also been uneven due to the localised restrictions currently in place which have impacted on some sectors more than others. In August 2020, the Production sector was 6% below its February 2020 level, while the Construction sector was 9% down and the Service sector 10%. Within the Service sector, there remains significant variation with Accommodation and Food Services 31% below their February level but Financial and Insurance Activities down only 3%. As such, it is clear that some sectors will require significantly more support than others to help address the potential long-term impacts of the virus.

### **North Lanarkshire's Strategic Framework**

The Plan for North Lanarkshire (the Plan) is a high level strategic document that outlines a long-term vision for North Lanarkshire - a vision where North Lanarkshire is the place to Live, Learn, Work, Invest, and Visit.

The ERP is a key strategic document which is aligned to the Plan and a range of other key strategies, policies and plans including, most importantly, the ERDP which complements the ERP by setting out the council's capital investment priorities for inclusive economic growth.

This policy framework ensures that plans such as the ERP are aligned with the council's strategic priorities and 'Programme of Work' and enables the required resources and working practices to be put in place to facilitate the delivery of our shared ambition for inclusive growth.

The ERP is a new addition to this policy framework and has specifically been put in place in the wake of the pandemic. Due to its nature and its close alignment with the ERDP, the ERP has initially been set up as a short-term response plan which will be delivered over the remaining capital investment period of the ERDP (up to 31<sup>st</sup> March 2023) and will thereafter be reviewed to ensure that the actions being put in place to deliver longer-term outcomes remain on track.

However, as with the ERDP, the ERP also incorporates an associated Action Plan (Appendix 1) that will be reviewed and updated on an annual basis in order to ensure that ongoing amendments are made which continue to reflect changes to short-term service priorities.

## A Partnership Approach

The coronavirus pandemic has affected economies across the globe with the Scottish, Glasgow City Region and Lanarkshire economies being no exception. As part of North Lanarkshire's economic recovery, we will take a partnership approach with the Glasgow City Region local authorities and our partner organisations such as Scottish Enterprise, Skills Development Scotland and New College Lanarkshire.

Of particular note, Glasgow City Region's Economic Recovery Plan prioritises actions around four key themes:

- Protecting jobs and businesses
- Providing residents with the skills required to flourish in the future economy
- Stimulating new long-term employment opportunities
- Supporting businesses and communities to find new and innovative ways of adapting to the challenges posed by Covid-19 and beyond.

North Lanarkshire Council's ERP has been designed to reflect these key priorities to ensure that:

- a consistent approach remains in place as to how the council aims to address the economic impact of the coronavirus pandemic as part of the Glasgow City Region; and
- the council has in place planned actions that are able to make use of any additional resources or support that is secured through the lobbying activity which is proposed as part of this regional recovery plan.

At a Pan-Lanarkshire level, the council is also working with South Lanarkshire Council, Scottish Enterprise, Skills Development Scotland, Lanarkshire Business Gateway, local colleges and business representative bodies via the newly established Lanarkshire Economic Forum to help inform and develop Lanarkshire-wide economic recovery activity and in turn ensure that local residents and businesses are provided with a co-ordinated and inter-linked package of support.

### 3. Evidence of Need

#### Work – Key Issues

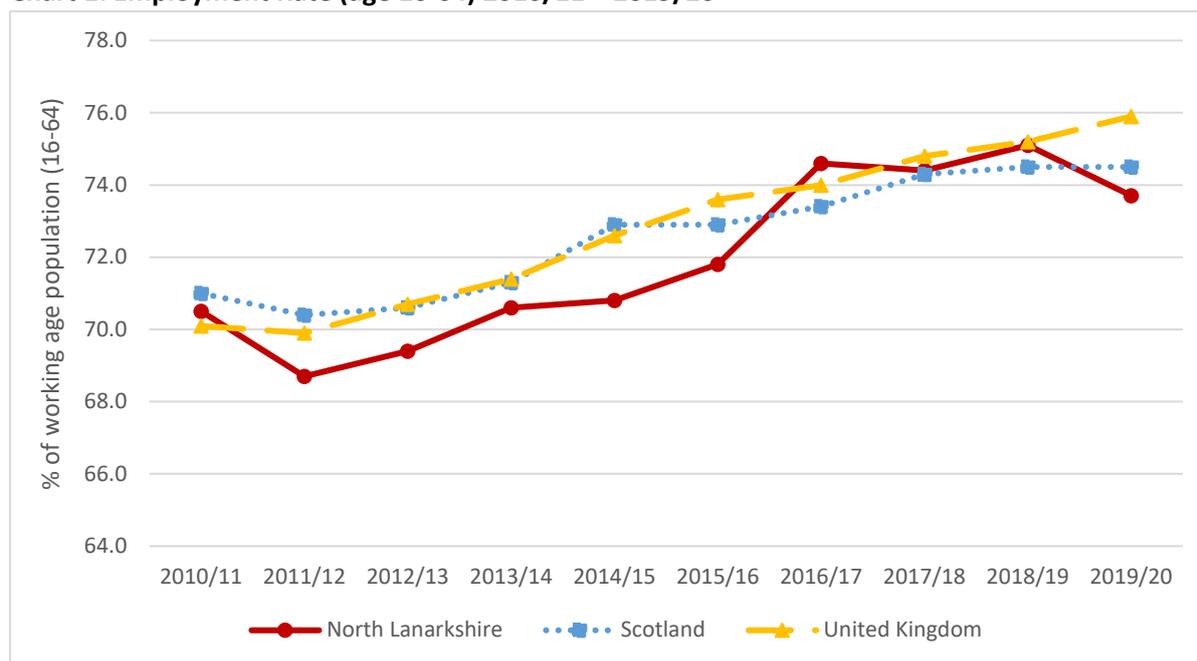
North Lanarkshire is home to over 341,000 people. However, the National Records of Scotland population projections estimate that north Lanarkshire’s population will decrease by around 3,000 people over the next 20 years whilst, over the same time period, Scotland has an anticipated population growth of 5% due primarily to an increase in net migration.

In order to help improve North Lanarkshire’s local tax and spend base as part of the council’s ambitions for inclusive growth, there is a clear need for the council to support and deliver activity which aims to reverse these projections. The availability and affordability of good-quality, well-located homes will be paramount to helping to address this decline and as such delivering the homes which North Lanarkshire needs to grow is one of the key themes within our ERDP.

However, simply building homes is not enough. To attract people here and to retain and grow our existing communities, North Lanarkshire must become a place which offers excellent economic and employment opportunities and puts in place support mechanisms needed to ensure our residents are able to access these.

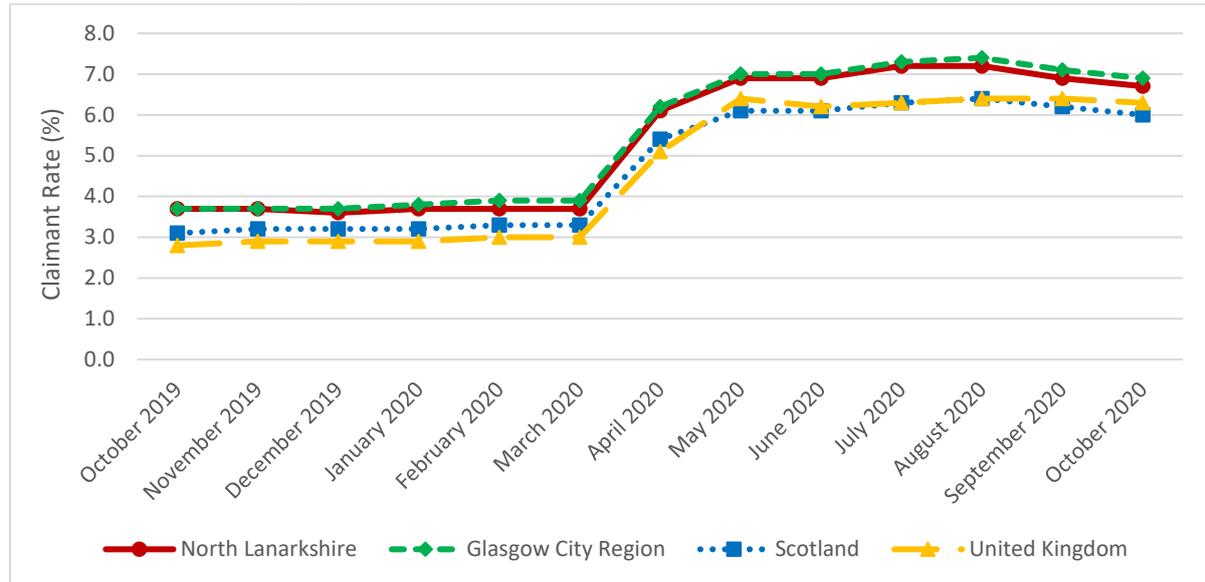
Prior to the coronavirus pandemic, the North Lanarkshire economy was looking strong with employment rates generally continuing to rise over the last 10 years as shown in Chart 1.

**Chart 1: Employment Rate (age 16-64) 2010/11 – 2019/20**



The coronavirus health crisis, however, has had severe impact on the claimant count rates across the country and, as shown in Chart 2, North Lanarkshire has been no exception.

**Chart 2: Claimant Rate (age 16-64), October 2019 – October 2020**



North Lanarkshire's claimant count (working age adults claiming benefit principally for the reason of being unemployed) increased by 64% between March and April 2020 and continued to rise throughout the second and third quarters of 2020, reaching a record high of 15,870 claimants in August 2020.

As the economy began to reopen in September, there was a slight decrease in claimants as business activity picked up. Latest claimant count data for October 2020 showed 14,650 claimants which is the equivalent to 6.7% of North Lanarkshire's working age population (16-64). Despite these signs of recovery, North Lanarkshire's claimant count remains significantly above pre-pandemic levels at around 78% higher and is likely to start to increase again with further restrictions coming in to place in early 2021.

Moreover, considerably higher rates of unemployment would have been recorded across North Lanarkshire and Scotland if the UK Government's 'Coronavirus Job Retention Scheme', commonly known as the 'furlough scheme', had not been introduced in March 2020. Between March and July, 52,300 North Lanarkshire residents were placed on furlough at some point (1 in 3 workers). Latest HMRC data show that as restrictions continued to ease in September and people began to return to work, the number of employees either fully or partially furloughed within North Lanarkshire fell to 11,100 (7% of the eligible workforce).

What this shows is that if further restrictions remain lengthy, then the impact on jobs and, what are already financially stretched businesses, is likely to be significant without further state intervention.

Furthermore, as the government responses to deal with the pandemic have fed through our economy and labour market, there has been widespread concern that some groups already at disadvantage may be disproportionately affected without specific targeted support.

Females, young people, low earners, minority ethnic groups, disabled people and lone parents have all been identified via Scottish Government analysis as groups potentially expected to be hardest hit financially by coronavirus restrictions and, although the furlough scheme has played a significant role in helping to mitigate unemployment rises for these groups to date, emerging evidence around labour market outcomes demonstrates that additional targeted support is likely to be required.

### Females:

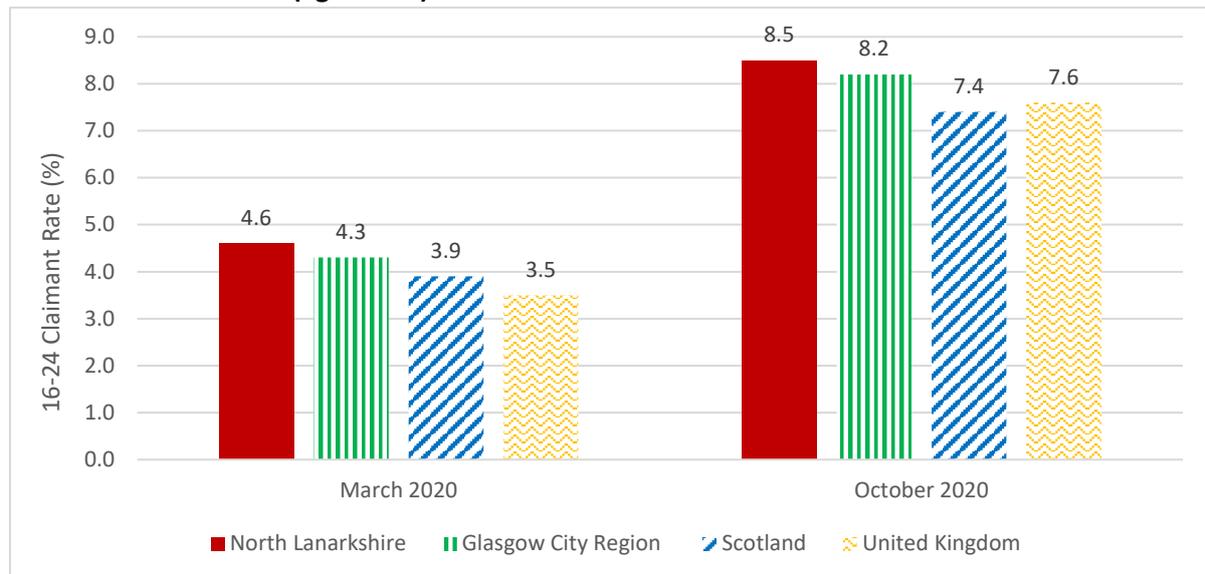
The pre-pandemic female employment rate for North Lanarkshire was 71.8%, just slightly lower than the male employment rate of 75.6%. However, more than a third of females in employment within North Lanarkshire are in part-time work (34%) compared to less than a tenth (9%) of working males.

This is likely to have an impact on the differing retention rates of male and female employees as the impact of the pandemic is anticipated to hit part-time jobs harder with these viewed as potentially 'less essential' to core business operations (although early indications are that this difference has only been moderate to date). Moreover, women are also more liable to face a number of established labour market barriers (particularly around the disproportionate share of caring responsibilities) which are expected to affect, quite significantly, their capacity to work during the crisis.

### Young people:

Young people aged 16-24 across the UK are the cohort most likely to have lost work or seen their income drop as a result of the pandemic. In October 2020, 3,060 of North Lanarkshire's young people claimed unemployment related benefits. This represented 8.5% of 16-24 year olds and, as shown in Chart 3, an increase in the claimant rate of this cohort by almost 85% in just 8 months.

**Chart 3: Claimant Rate (age 16-24)**



A likely reason why young people have been disproportionately affected by the pandemic is due to the types of sectors which they tend to work in such as the hospitality and leisure sectors which have been particularly hard hit by restrictions and government policy responses.

### Low earners:

The Institute for Fiscal Studies estimates that low earners across the UK (a high percentage of whom are already 'income deprived' and/or living in a household which is either 'in poverty' or at high risk of becoming 'in poverty') were seven times more likely than high earners to work in a sector of the economy which has been enforced to 'shut-down' as a consequence of coronavirus related restrictions (resulting in these employees either being made redundant or being placed on furlough).

Around 43,600 North Lanarkshire residents work in lower skilled occupations - that's more than a quarter (27%) of those residents recorded as being in employment. Moreover, many of the workers in low skilled occupations are likely to have no or low qualification levels, in turn potentially making

finding alternative employment more difficult if made redundant and increasing their risk of long-term unemployment.

#### **Minority ethnic groups:**

Although there is less available evidence of a disproportionate impact of Covid-19 on the employment status of minority ethnic groups within Scotland or North Lanarkshire, there is evidence that they have been particularly affected by the virus with UK wide ONS analysis suggesting people from black and minority ethnic groups are over-represented in jobs with higher risk of exposure, accounting for 1 in 5 workers in the 'most at risk' occupations. Data from the Resolution Foundation also suggests that 22% of UK minority ethnic workers that were furloughed were no longer working in September, more than double the overall rate.

#### **Disabled people:**

Across Scotland, Covid-19 does not appear to be having a greater effect on the employment status of disabled people, compared to non-disabled people, and the disability employment gap between these groups has generally remained unaffected to date. However, aside from labour market data, there is evidence that compared with their non-disabled peers, the virus has had greater impact on the lives of disabled people and that this in turn may have longer-term implications for their employment prospects.

#### **Lone parents:**

Lone parents (the overwhelming majority of whom are female) already demonstrate significantly lower employment rates than those workers not facing this barrier to work due primarily to childcare and financial constraints. However, those single parents in employment are also more likely to be exposed to reductions in earnings and job losses as a result of Covid-19 as they are less likely to have someone to share childcare responsibilities occurring as a result of the temporary closure of schools and other childcare facilities. Empirical evidence suggests that in such cases, single parents have needed to 'self-furlough', asking their employer to use the retention scheme to help them to address this issue.

Whilst economic statistics are only able to demonstrate that some of the above groups are currently being disproportionately affected by Covid-19, the emerging data and the projected economic impact of the virus does highlight the need for the council to support targeted interventions that will ensure that all of these at risk groups do not become further disadvantaged and disengaged as a result of the pandemic.

## **Invest – Key Issues**

In 2020, North Lanarkshire's business population reached a record high with 8,390 registered businesses located within the local authority area (an increase of over 24% in the last 10 years), proving that North Lanarkshire is continuing to build its attractiveness as a place to do business. However, whilst considering the impact of the pandemic on these North Lanarkshire based businesses, it is important to recognise that although North Lanarkshire has a higher proportion of larger employers (those businesses with more than 250 employees) than the national average, the vast majority of the businesses located here (94%) are still either 'Micro' or 'Small to Medium Sized Enterprises' (SMEs) which are likely to be more susceptible to the impact of Covid-19 when compared to larger, more established organisations.

The nationwide lockdown restrictions imposed in March 2020 required many businesses to close or to scale down their operations and resulted in private sector business activity in Scotland declining at its quickest rate since the Royal Bank of Scotland's Purchasing Managers Index (PMI) survey began in January 1998. The contraction in business activity was sharpest in the service sector, however the manufacturing sector also saw its sharpest fall in output since 2009 (which is of particular relevance to North Lanarkshire where manufacturing accounts for 11% of the business base).

The easing of national restrictions in the third quarter of 2020 enabled businesses to gradually reopen and by the start of October the proportion of business reporting as currently trading had risen to 97% (although it is likely that many of these businesses were operating well below full capacity). The RBS PMI showed an increase in business activity in Scotland for the second consecutive month in September (with stronger growth in the manufacturing sector than the service sector) although the impact of tighter restrictions in late 2020 and early 2021 have as yet to be assessed.

### **Business Survey:**

North Lanarkshire Council carried out a survey of local businesses in July 2020 to get an insight into the issues facing our business community and how we can help them to recover from the impact of the pandemic.

There was a strong response rate to the survey with over 800 businesses giving their views. 96% of businesses reported that the virus had resulted in a negative impact on their business. The majority (82%) of these businesses reported a demand side impact resulting in a drop in turnover due to (temporary) business closure or reduction in demand for goods and/or services. More than half (56%) of businesses reported a reduced cash flow issue resulting in delayed payments to creditors or staff being made redundant.

Although most businesses responding to the survey reported being negatively affected by the pandemic to some extent, 100% of businesses within the hospitality & tourism sector said they had experienced a significant negative impact (with 93% of these reporting a drop in turnover). Other sectors reporting significant negative impacts included Transport & Logistics (94%), Construction (92%) and Retail (92%).

Around 47% of businesses said they only had enough cash reserves to last up to 3 months whilst a number of businesses also noted that they only had reserves due to receiving a government backed loan under the 'Bounce Back Loan Scheme'.

42% of survey respondents said facilitating access to business grants to support essential investment in equipment, plant, technology or infrastructure should be the top priority for the recovery plan. A further one in five respondents said providing access to business loans as a source of working capital to ease cash flow pressure and facilitate recovery was their top priority.

Other priorities for businesses included investing more in improving digital infrastructure and capacity, introducing initiatives to encourage residents to use and support local businesses and increasing marketing of the area to attract more inward investment.

Businesses proposed ideas of shop local campaigns, more local SME procurement, more employment support services (including redundancy support) and clear business guidance for operating during the pandemic.

### **Town Centres:**

North Lanarkshire has eight established but diverse town centres, each with its own distinctive identity and each with a business base which has been seriously impacted as a result of the pandemic.

Primarily built on their industrial past, these town centres have traditionally been dominated by retail. However, with the rise of online shopping, retail led town centres across the UK are in decline. North Lanarkshire is no exception with on average 19% of commercial units across our 8 town centres were vacant or void with this ranging from around 8% in Bellshill to 31% in Coatbridge (North Lanarkshire's 2019 Town Centre Audit).

Lockdown restrictions imposed during the second quarter of 2020 have acted as a catalyst to speed up the rise of digital consumer behaviours at an unprecedented rate. Deloitte's Digital Consumer Trends Survey, carried out in May 2020, found that 40% of people in the UK did significantly more online shopping during the lockdown period and it is anticipated that this change in consumer behaviour will continue even after restrictions are lifted (with this potentially 'killing off' our high streets).

However, town centres are vital for our local economy and our sense of community and place. Their attractiveness and vibrancy is closely linked with the image of North Lanarkshire as a location where people would want to live, work and visit.

This clearly reinforces the need and importance of reshaping and repopulating our town centres so that they re-establish themselves as a central hub for the community with mixed use spaces which maximise social, economic and environmental opportunities and where the council continue to work to promote and support a sustainable level of their retail and business functions.

It also highlights the need for the council to continue to work with the Scottish Government and organisations such as Scotland's Towns Partnerships to help develop and deliver 'Local Campaigns' for these centres.

### **Business and Industrial offering:**

North Lanarkshire's ambition is not only for North Lanarkshire to be the place to live, learn, work and visit but also the place to invest. The area occupies a strategic location in Central Scotland and has the advantage of unrivalled transport links. New employment sites have been unlocked over the last decade, particularly along the M8 corridor. These developments have transformed North Lanarkshire's business offering whilst at the same time freeing up former urban industrial locations for transformation into other community uses, such as housing, leisure and open spaces.

Transportation improvements are set to continue throughout the area, particularly with significant infrastructure developments planned as part of the £202m City Deal Investment proposals. Meanwhile the DigitalNL programme will deliver a world class digital infrastructure for North Lanarkshire's residents and businesses.

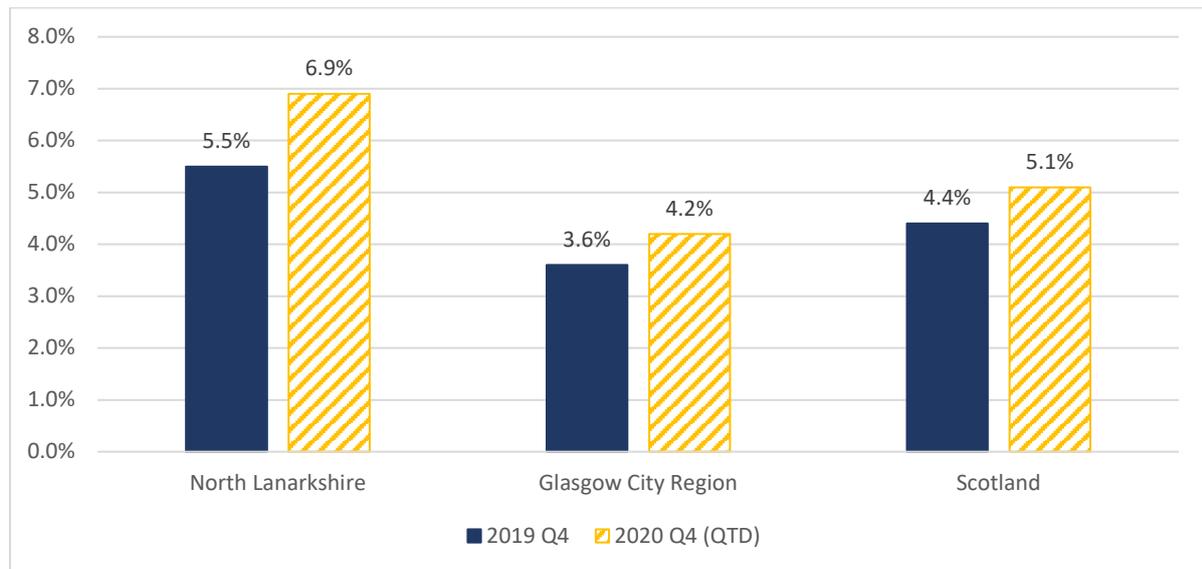
With rail freight provision at Mossend (and further proposals for Ravenscraig), direct access to the M8, M73, M74 and M80 motorways and over 24 million sqft of industrial stock, North Lanarkshire is ideally placed to become the primary logistics hub for Scotland.

Nevertheless, overall analysis of North Lanarkshire's industrial market (Chart 4) shows a current vacancy rate of 6.9%, up 1.4 percentage points on this time last year (a similar trend to Glasgow City Region and Scotland as a whole) reflecting the impact which the virus has had on this market. However, prior to the coronavirus crisis, Hermes Parcelnet took up 94,000sqft of industrial space at

Eurocentral in early 2020 and Lidl completed its move to a 624,000sqft custom built regional distribution centre at the end of 2019 (with a further 2 million sqft of large industrial space sold or let to new occupiers within North Lanarkshire between January 2014 and June 2018).

These deals illustrate that within North Lanarkshire, prior to the pandemic, there was demand for large, modern warehouses which remain in short supply across both North Lanarkshire and Scotland as a whole. It is anticipated that, given the current resilience of the logistics sector generally and the projected growth in online shopping and trade which has been accelerated in part as a result of the impact of Covid-19, demand for these well located distribution centres will be re-booted post-pandemic.

**Chart 4: Industrial Market Vacancy Rate (%)**



Source: CoStar, 2020

Over the last decade, North Lanarkshire has also seen significant growth in rental rates for industrial workspace with the average rental rate now reported at £5.37 per sqft (slightly above the Glasgow City Region average). Moreover, the rental rate is significantly higher for modern, well-located industrial units within North Lanarkshire which can charge a premium rate of circa. £8-9 per sqft.

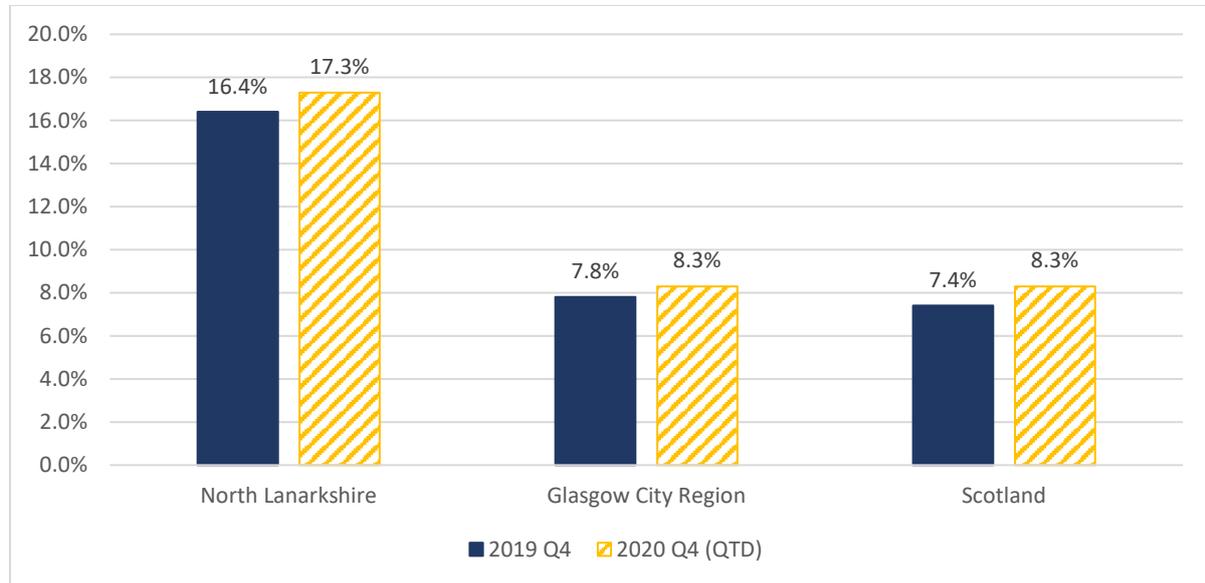
This relatively high rental return on modern large scale units suggests that such developments offer potential investment opportunity for the private sector. However, in reality, the high rental rates for new, modern workspace simply reflect the increasingly high construction costs of such developments, costs which are only likely to increase as a result of Covid-19 and Brexit (issues which need to be addressed to ensure that development interest in key sites along North Lanarkshire's transport corridors does not stagnate).

As well as being a strategic industrial location for the warehouse and logistics sector, a number of large business parks are also sited across North Lanarkshire offering high quality office space at key locations such as at Maxim Office Park (located off the M8) and Strathclyde Business Park (located off the M73).

However, although vacancy rates for office space across Scotland is slightly higher than industrial vacancy rates, Chart 5 shows that office vacancy rates are much higher across North Lanarkshire when compared to the Glasgow City Region or Scotland (over double the vacancy rate at 17.3%). This is primarily due to the office-sub-market offer across Scotland being predominantly centred around our

major cities (and in particular Glasgow and Edinburgh) with these centres currently way out-performing provincial town centre and sub-urban provision.

**Chart 5: Office Market Vacancy Rate (%)**



To date, the impact which Covid-19 has had on office vacancy rates across Scotland (including our towns and cities) has only been moderate. However, a number of recently published reports and articles have predicted that:

- the pandemic will change office working for good (British Council for Offices, 2020);
- almost two in five (37 per cent) employees will be working from home on a full time/regular basis once the crisis is over, according to employer predictions made as part of CIPD research, compared to just a fifth (18 per cent) who did so before lockdown;
- the Covid-19 pandemic is likely to prompt a shift from City Centre offices to smaller suburban work hubs, according to the International Workplace Group (2020); and
- flexibility of future office space requirements will remain key according to leading commercial property agents including the likely increased appetite for 'hot-desking' and 'Bring Your Own Device' flexible space.

With average office rents of £13.24 per sqft, the rental rate for North Lanarkshire's office space is well below the rental rate of most prime office space in Glasgow City Centre (which in 2019 was demanding up to £34 per sqft) or Edinburgh City Centre (up to £37.50 per sqft).

With companies potentially recognising a lesser need for larger, more costly office space within City Centres (as a result of more staff working from home on a full or part-time basis), the provision of quality yet affordable office accommodation (either as permanent or flexible workspace) is likely to be imperative in marketing North Lanarkshire as a potential place for companies to relocate to.

#### **Brexit:**

Although the ERP primarily focuses on implementing action that will be used to address the negative impact which Covid-19 continues to have on the local economy, the end of the Brexit transition period on the 31<sup>st</sup> December 2020 may represent another adverse shock to North Lanarkshire's businesses and economy and as such also needs to be considered as part of the measures outlined within this plan.

Scottish Enterprise has highlighted that large businesses are, in general, more prepared for Brexit than SMEs due to the additional resources at their disposal but that most businesses are still facing unknowns about the 'red tape' or 'regulations' which they may face and simply report being 'as prepared as can be'.

Of particular importance, as a result of the EU-UK Trade and Corporation Agreement signed on the 24<sup>th</sup> December 2020, it has been noted that:

- Despite no tariffs or quotas being levied, customs checks, and controls will apply to all UK exports entering the EU (leading to potential delays);
- UK service providers will no longer benefit from the country-of-origin principle and as such they will have to comply with the varying rules of each Member State with whom they trade; and
- Although the UK has committed to keep the basic principles governing state aid, it is permitted to depart from the way public subsidies are managed (with this governed through domestic oversight within the UK rather than the European Commission).

In general, it is anticipated that the impact of Brexit will vary from business to business although businesses suspect that they may need to look at securing more domestic work to offset lost or reduced export orders (potentially meaning that the competition in the UK market for such contracts will be intense).

To address these issues, the council needs to:

- Continue to raise local awareness of potential issues which the new trade agreement may give rise to;
- Ensure local businesses are well placed to bid for UK-based contracts to offset any potential loss of business even in the short-term; and
- Work with the Scottish Government to review and assess wider impacts of the TCA on local business.

## **4. Our Response and Action Plan**

The short-term goals of the ERP Action Plan are focused on helping local businesses to recover from the impact of Covid-19 whilst protecting jobs (particularly for those local residents who are most vulnerable to job loss or economic exclusion). However, we also need to ensure that our businesses and workforce are economically resilient and are prepared for future employment and workplace challenges.

We must invest in skills, education and training (particularly for new technology, digital skills and growth sectors) to ensure North Lanarkshire is ready to embrace future job demands, we must support our businesses to grow and create new opportunities for them to diversify into new or emerging markets and we must promote the strength of North Lanarkshire as the location to work and invest.

### **Support People into Employment**

#### Employability

We will support those looking for work, ensuring no one is left behind by:

- Continuing the range of employability support which we offer to our local communities including for those furthest removed from the labour market, those at risk of exclusion, those with additional support needs and those that have become unemployed or at risk of becoming unemployed; and
- Supporting measures that have been specifically established to address the short-term employment impacts of Covid-19.

We will also fully implement the recommendations of the Employability Review as well as implementing and delivering the Workforce for the Future Strategy 2020-23.

#### Skills & Training

We will support the development of a strong and resilient workforce by:

- Exploring opportunities to develop and deliver a range of Academy Training Programmes across key sectors; and
- Assessing options/models for creating a shared apprenticeship programme linked to the council's future investment programme and community benefit requirements.

The establishment of North Lanarkshire's Enterprise Strategic Commercial Partnership (ESCP) could potentially increase the council's capacity to deliver on the ambitions set out in the ERP and act as a catalyst to drive forward economic recovery and inclusive growth.

A detailed business case for the ESCP is currently in development and a core part of its delivery will be around how this helps shape the future of North Lanarkshire's workforce. In doing so, this business case will involve specifically assessing how the partnership can deliver on employment and training community benefits at a significant scale (including the potential development of academy style programmes and the creation of a shared apprenticeship scheme).

## **Supporting Business Growth and Development**

### Promoting & Enabling Business Investment

We will market and promote North Lanarkshire as a business location to attract businesses to locate and invest in North Lanarkshire by:

- Launching North Lanarkshire's new 'Invest' Brand and Website in 2021;
- Enhancing digital connectivity to residents and businesses;
- Working with partners to establish an on-line one-stop-shop for processing and simplifying all commercial investment and property enquiries; and
- Working in partnership with Scottish Enterprise to support the development of a 'Regional Investment Prospectus' incorporating North Lanarkshire's key development and investment opportunities.

### Grow and improve the sustainability and diversity of North Lanarkshire's economy

We will offer a range of business support by:

- Co-ordinating and managing the delivery of Lanarkshire's New Business Gateway and other specialist advisory services;
- Support SME development through the delivery of specialist programmes through North Lanarkshire's Manufacturing Innovation Hub, Supplier Development Programme and other specialist and sector specific initiatives;
- Developing support to enable businesses to improve their digital skills and capabilities to take advantage of new technologies, processes and systems;
- Developing and delivering a new Lanarkshire Tourism Action Plan;
- Developing and delivering a new Social Enterprise Framework for North Lanarkshire; and
- Continuing to promote and support the growth of entrepreneurship across North Lanarkshire.

### Deliver Support for Business Recovery

As a result of the Covid-19 pandemic, the Scottish and UK Governments introduced an unprecedented package of business support measures aimed at helping businesses survive and maintain employment throughout the crisis.

To date, North Lanarkshire Council have delivered over £43.5 million of Scottish Government grant funding to local business and we will continue to deliver further financial support and advice as we transition through and out of the coronavirus health pandemic. However, the council are also in the process of developing a Coronavirus Business Recovery Fund for North Lanarkshire with a minimum of £1.5m to be made available for business support and to provide financial assistance to help sustain businesses which have had to temporarily close, or have suffered from loss of revenue, as a result of Covid-19.

In addition to financial support, the council will also aim to develop and deliver non-financial assistance for business recovery through campaigns such as the 'Back in Business' and the 'Think Local Campaign' (the latter of which secured £50,000 to promote town centre retail during 2020 restrictions).

### Help Establish a More Resilient Economy

We will, over the next year, help to establish a more resilient economy via specific bespoke and targeted support for key sectors including: the Construction, the Digital Economy, the Tourism and the Creative Industries sectors.

### Support and Promote Place Making for Economic Growth

We will review and assess options to how as a council we can:

- Develop policy that will support the renewal of our town centres and create sustainable provision for retail and business; and
- Develop options to ensure we are well placed to restart the ongoing development and expansion of our key industrial locations post-pandemic.

## Economic Recovery Plan – 2021/22 Action Plan

Theme: Work						
Priority 1: Support people into employment						
	Key Action	Milestone	Target	Baseline	Timescale	Lead Team(s)
1.1	Support and sustain people into employment (including those furthest removed from the labour market)	Review and update the Action Plan from the Employability Review and Workforce for the Future Strategy	Report to Policy & Strategy Committee in March 2021	The Employability Review and associated Workforce for the Future Strategy was approved by the Policy & Strategy committee in March 2020	March 2021	Enterprise TOD Employability Education
		Progress the delivery of the updated Workforce for the Future Strategy 2021 – 2024 and monitor outcomes.	The establishment of a Strategic Partnership Board, including Further Education, NHS, and SDS, to oversee delivery and monitor outcomes	As above	Spring 2021 (establish Partnership Board)	Enterprise TOD Employability Education
		Deliver our mainstream (EU funded) employability programme	To engage with and support 2,000 per annum unemployed and underemployed residents (aged 16+ and furthest from the labour market) onto this employability programme with a minimum of 50% (1,000) of participants entering employment (with 70% sustaining employment for at least 26 weeks)	2019/20 - 1,008 residents supported into work with 75% of these remaining in employment after 26 weeks.  2020/21- anticipated that by 31 <sup>st</sup> December 2020, 535 residents will have been supported into employment.	2021/22	Employability/ Routes to Work

		Deliver the Scottish Government funded 'No One Left Behind Programme'	To provide specialist support to NEET young people, adults and BAME groups who have additional barriers to accessing employment and who need additional support to engage in labour market activities with 83 entering employment.	£445,183 made available to NLC for 2020/21 to support the delivery of this programme	2020/2021	Employability
		Deliver the Scottish Government funded Prospects for Parents Programme	To provide targeted employability support to parents of families who are at risk of poverty – 25 in work and 14 unemployed.	£339,000 made available to NLC for 2020/21/22 to support delivery of programme	2020/21-2021/22	Employability
		Deliver the Partnership Action for Continued Employment (PACE) initiative	Provide support to residents recently made redundant or facing redundancy to help them secure employment	Use existing resources to support partnership led by Skills Development Scotland and includes DWP, Routs to Work and NLC Financial Inclusion team.	Ongoing	Employability
		Deliver a new programme for support to Young People with Additional Support Needs	Deliver a new programme of employability support for Young people with ASNs in partnership with Supported Employment Services providing sustained employment for 14 young people.	New externally funded service currently in development	Jan 2021 – March 2022	Employability

		Deliver NLC's Winter Leaver's Programme	Provide enhanced support to 90-120 winter leavers through the Pathways Programme aimed at improving outcomes and support 100% of leavers to enter a positive destination	2019/20 - 90 young people supported through the Winter Leavers Programme with 100% of these entering a positive destination	2020/21	Education
<b>1.2</b>	Deliver new Scottish Government support schemes which have been developed in direct response to the impact of Covid-19 on employment opportunity	Develop and implement the Scottish Government Youth Guarantee Programme	Deliver a wide range of activities eligible for funding under Youth Guarantee guidelines to support 868 young people aged 16-24 years old into employment, training or education.	New programme	Jan 2021-Mar 2022	Employability
		Act as a gateway organisation support the delivery of the Kickstart Scheme	Funded by DWP to support businesses to create job placements (minimum 25 hours per week for 6 months) for 40 young people (aged 16-24) who are currently on Universal Credit	New programme	Jan 2021-December 2021	Employability
<b>1.3</b>	Explore and develop new training, education and skills development opportunities in order to help create a more skilled and resilient local workforce to reflect future employment opportunities	Develop a Care Academy model in partnership with NHSL to provide career pathway into health and social care employment opportunities.	Development and delivery of a 3-year strategic plan	New programme	2021-2024	TOD

		Develop a Construction Academy model to provide career pathway into construction employment opportunities	Integrate construction academy model within requirements for the future specification for the Enterprise Strategic Commercial Partnership (ESCP)	New Programme	Ongoing in line with ESCP procurement	Enterprise
		Further develop Digital Skills Academy Model to provide career pathways into IT/digital employment opportunities and build a digital ready workforce across North Lanarkshire	Delivery of inter-connected workstreams covering: <ul style="list-style-type: none"> <li>• Digital Teaching and Learning</li> <li>• Digital Communities</li> <li>• Digital Business</li> <li>• Digital Council</li> <li>• Digital Health and Care</li> </ul>	New Programme –	Ongoing	Enterprise/Digital NL
		Explore the feasibility of creating a shared apprenticeship programme linked to the council's future investment programme and community benefit requirements.	To assess options/models for the development of a shared apprenticeship scheme for construction works to be delivered through the ESCP	Various models currently under appraisal as part of the working streams for the ESCP	2023	Enterprise

**People: Key Performance Indicators**

- % of people aged 16-64 on the claimant count
- % of young people aged 16-24 on the claimant count
- Number of unemployed people that have participated in Council funded or operated employability activities
- % of unemployed people that have progressed to employment from participation in Council funded/operated employability activities
- Number of young people (aged 16-24) that have participated in Council funded or operated employability activities
- % of young people (aged 16-24) that have progressed to employment from participation in Council funded/operated employability activities

**Theme: Invest**

**Priority 2: Support business growth and development**

	<b>Key Action</b>	<b>Milestone</b>	<b>Target</b>	<b>Baseline</b>	<b>Timescale</b>	<b>Lead Team</b>
<b>2.1</b>	Market and promote North Lanarkshire as a business location to attract businesses to invest in North Lanarkshire	Launch NL's 'Invest' Brand and website	To create and launch a new NL invest Brand and Website	The Invest branding has been finalised and the new Invest website is due to be launched in early 2021.	Spring 2021	Enterprise
		Establish a one stop shop approach to support businesses looking for premises or investment opportunities in NL	To establish an on-line system for processing and simplifying all commercial investment and property enquiries	n/a	2022	Enterprise
		Contribute to the promotion of North Lanarkshire investment opportunities through the Glasgow City Regional Investment Prospectus and other regional/national promotional opportunities	Development of the Regional Investment prospectus led by Scottish Enterprise	n/a	2021	Enterprise
<b>2.2</b>	Grow and improve the sustainability and diversity of North Lanarkshire's economy by providing high quality advice and support to start-ups, new and existing businesses	Enable and support the delivery of the new Lanarkshire Business Gateway contract from March 2021	Support at least 500 businesses to start-up each year  Provide support to at least 1000 existing businesses each year	2019/20 – 508 New Start-ups  2019/20 – 848 unique businesses supported with 1351 instances of support	2023	Enterprise

		Establish Expert Advice Framework using ERDF funding to provide specialist advice to businesses	Successful procurement of a £552K expert advice framework supporting 309 SMEs over 2-years across 11 lots: Business Financial Management; Business Strategy and Business Resilience; Human Resources, Leadership and Skills; Procurement; Marketing and Digital Marketing; Digital Development; Internationalisation, Business Innovation; Legal Support; Research, Development and Design and Low Carbon Support	New Programme	By April 2021	Enterprise
		Progress the delivery of the Manufacturing Innovation Hub at New College Lanarkshire Motherwell Campus	Completion of physical space for Hub at New College Lanarkshire and procurement of robotic arms. Key Targets: <ul style="list-style-type: none"> <li>• 345 SMEs attending events</li> <li>• 173 SMEs supported</li> <li>• 86 Projects with SMEs (one to one support)</li> <li>• 87 School Visits</li> </ul>	New Programme	From April 2020 to December 2022	Enterprise
		Continue to support and promote the Supplier Development Programme	To grow the number of businesses in North Lanarkshire who are participating in the Supplier Development Programme  Increase the number of local SMEs either winning public sector tenders or securing new business	2019/20 – 240 new registrations in North Lanarkshire  2019/20 – 58 unique SMEs attended SDP training	Annual	Enterprise

			by engaging with the public sector supply chain as a sub-contractor.  Delivery of a Lanarkshire Meet the Real Buyer Event in Spring 2021	2019/20 – 87% of the 75 regulated NLC contracts awarded were to SMEs		
		Develop and deliver the North Lanarkshire Social Enterprise Framework	Development of a North Lanarkshire Social Enterprise Framework and action plan based around the 3 aims of: 1. Stimulating the Social Enterprise sector 2. Developing stronger Social Enterprise organisations 3. Realising market opportunities	The 2019 Social Enterprise Census reported North Lanarkshire has 109 social enterprises with 195 employees	August 2021	Enterprise
		Support and promote entrepreneurship across North Lanarkshire	Explore feasibility of establishing an Entrepreneurship Hub within North Lanarkshire	New Programme	2021/2022	Enterprise/ Business Gateway
	Continue to support the delivery of the 'Step up to Start up' programme (in partnership with New College Lanarkshire, NLP – Young Enterprise Scotland and the Business Gateway) with 1 start-up grant and rent-free workspace to be awarded at Orbiston Street Industrial Estate.		Programmes initiated/delivered in 2019/20 for Netherton Industrial Estate and Ravenscraig Park Hub	2021	Growth/Business Gateway	
	Explore options for continuation of the delivery of the 'Dragon's		Annual Programme	2021/2022	Enterprise	

			Lair' Programme for North Lanarkshire Schools and wider entrepreneurship within schools			
<b>2.3</b>	Provide financial and non-financial support to help businesses survive and recover from the impact of Covid-19.	Develop and deliver a Coronavirus Business Recovery Fund for North Lanarkshire of £1.5M (excluding any ERDF support) to help businesses adapt and recover.	Estimated 145 grants awarded	New scheme	Spring 2021	Enterprise
		Deliver Scottish Government Covid-19 business support grant schemes	Ensure effective and timeous distribution of grant awards made through the Scottish Government	£43.5M grants supported in 2020	Ongoing	Enterprise
		Support the delivery of the Scottish Government's Scotland Loves Local and NLC's Shop, Eat and Love Local and Back to Business Campaigns.	Continue to support, promote and develop local business and town centre campaigns in response to restrictions imposed as a result of the Coronavirus pandemic and ensure that NLC are placed to bid into and secure external funding available for such activity	£48,700 received from TBIDR&R Fund for Think Local Campaign – Launched August 2020  Back In Business Campaign launched August 2020 (£200,000 grant support made available through Business Recovery Fund)	Ongoing	Enterprise Growth
<b>2.4</b>	Help establish a more resilient economy through sector specific and targeted support	Review and update the Lanarkshire Tourism Action Plan to help support the	Development and delivery of a refreshed Lanarkshire Tourism Action Plan	Tourism Direct Expenditure: 2019: £171.25m	2022-2025	Enterprise

		recovery and development of the tourism sector		Tourism Direct Employment: 2019: 2525		
		Support the delivery of the Build Lanarkshire initiative to support local construction businesses to access public procurement opportunities	Delivery of 2021 Build Lanarkshire Programme – Target 12 businesses	2020 – 7 participating businesses (NB online delivery)	2021	Enterprise/ HubSW
		Develop a Film Charter to promote NL as a filming location and support growth of creative industries and supply chains	Production of a Film Charter and Code of Practice for North Lanarkshire for filming.  Growth in the number of satisfied film enquiries.	n/a	2021	Enterprise
		Develop the digital economy and place programme to improve digital connectivity across North Lanarkshire	Completion of successful tender to appoint a connectivity partner to create a world-class digital infrastructure which: <ul style="list-style-type: none"> <li>• Supports the Council’s smart connectivity and digital transformation programme</li> <li>• Stimulates investment in digital infrastructure adding value for the betterment of people and businesses in North Lanarkshire</li> </ul>	n/a	Tender issued Spring 2021	Enterprise/DigitalNL
<b>2.5</b>	Support and promote place making activity that will enable economic growth	Review and assess policy to address potential town	Prepare background reports in relation to key town centre regeneration constraints relating	Initial survey and review work complete	2022	Growth

		centre regeneration constraints/opportunities	to noise impact and residential parking needs			
			Feasibility works to review town centre office for: <ul style="list-style-type: none"> <li>- Flexible working space</li> <li>- Potential office space for companies who may wish to relocate from city locations</li> </ul>	n/a	2021	Growth
		Support the continued renewal of our key business locations	Review and assess options for supporting enabling investment particularly for large scale development	Fusion Assets model in place to support smaller scale enabling works	2022	Growth

**Business: Key Performance Indicators**

- Number of unique businesses supported by North Lanarkshire Council's economic development activity
- % of businesses surviving first three years of trading
- Number of business births per 10,000 working age population (age 16-64)
- Value of Business Recovery Fund grants provided to North Lanarkshire based businesses (£)
- Value of Scottish Government coronavirus related grants administered to North Lanarkshire based businesses (£)
- Increase in investment enquiries received/recorded
- Key policies and strategies developed to support regeneration priorities
- Number of local campaigns developed/supported to address the economic impact of coronavirus