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**STIRLING ECONOMIC POSITIONING STUDY:
FINAL REPORT**

(January 2008)

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1. BACKGROUND TO STUDY

Background

There is a growing recognition in Scotland and in the UK more generally that competitive economies tend to have at their heart competitive city regions. This thinking has been very influential in the Scottish context in recent years in relation to both the Scottish Executive and Scottish Enterprise – and is likely to remain an important issue for the Scottish Government. In addition, Scottish Enterprise is now beginning to consolidate a significant amount of its delivery around the Edinburgh and Glasgow city regions. This involves the planning and delivery of economic development that crosses LEC boundaries and demands a more integrated way of working.

There is clearly momentum behind the development of global and competitive city regions, which raises questions about how localities that do not fit comfortably into a single specific region should organise themselves. Centrally located in Scotland, with Edinburgh to the southeast, Glasgow to the southwest and Tayside to the northeast; Stirling finds itself in this position. In addition, the proposed changes to the economic development landscape underlines the importance for Stirling to organise itself to promote its own medium and long-term economic development.

This requires an understanding of business and industrial sectors within Stirling that offers significant prospects for long term development as well as the relationship between the economy of a particular locality and central Scotland's city region economies.

Study Aims

The Brief set out two clear aims for the study:

- “ *To identify which industrial/business sectors are critical to providing a sustainable economy for Stirling.*”
- *To develop an informed positioning of Stirling within metropolitan Scotland, exploring its linkages to other economies.*”

In order to achieve these two broad aims the study was carried out in two stages. The first stage focused on the identification of Stirling's key industrial sectors, and more specifically those unique assets with the potential to make an important contribution to sustainable development and competitiveness. The second stage focused primarily on developing a set of options for the positioning of Stirling within the context of

metropolitan Scotland, identifying the pros and cons of collaborative working with other local economies.

The Broad Approach

In response to the Brief, the analysis of the development potential of Stirling has been organised around three economic domains.

- The business domain.
- The people domain.
- The project domain.

A range of research methods have been used to explore the various domains, as follows:

- A comprehensive review of existing relevant research studies covering Stirling and other city regions, with a focus on economic studies broadly defined (including those with a focus on economic development strategy, business development, labour markets, regeneration and sector studies). This was not a 'literature review' but provided the evidence base from which to extract key messages of specific relevance to the economic positioning of Stirling.
- Statistical Analysis of travel to work data was carried out, breaking down the travel to work patterns by occupation and sector, to understand in a more detailed way the interrelationships between Stirling and the city regions of Dundee, Edinburgh and Glasgow. In addition, existing statistical studies were scanned to identify current and prospective recruitment and workforce development issues, focussing particularly on the key sectors for the long term development of Stirling.
- An analysis of the human capital assets of Stirling was carried out on the basis of occupational, educational and skills data drawn from the Census data and the Annual Population Survey. Migration data across local authority boundaries was also considered to assess changes in the population structure relative to the adjoining areas.
- Major development projects planned for Stirling and other city regions were identified and described briefly, focusing on their potential economic impacts, scale and timing and collaborative potential.
- A scan of collaborative work between city regions across the UK to isolate key messages to educate the choice of options and mechanisms for collaboration facing Stirling.

- Interviews with key stakeholders were an important aspect of this study and included individuals within Stirling, key individuals in neighbouring city regions and those with responsibilities at the Scotland-wide and Scottish Enterprise-wide level. The purpose of these interviews was to gauge their views on the principal options in terms of economic positioning available to Stirling and to collect their assessment of the pros and cons of each option.

Summary of Key Points

Background

- There is a growing recognition in Scotland and in the UK more generally that competitive economies tend to have at their heart competitive city regions.
- This raises questions about how localities like Stirling that do not fit comfortably into a single specific region should organise themselves.
- Proposed changes to the economic development landscape underline the importance for Stirling to organise itself to promote its own medium and long-term economic development.

Study Aims

- This research aims to:
 - Identify which industrial/business sectors are critical to providing a sustainable economy for Stirling.
 - Develop an informed positioning of Stirling within metropolitan Scotland, exploring its linkages to other economies.
- The analysis of the development potential of Stirling was organised around the three economic domains of business, people and projects.
- A range of research methods were used including a comprehensive review of existing research, data analysis around skills, travel to work and migration, a review of major planned development projects, a scan of collaborative work between city regions and interviews with key stakeholders.

2. THE CHANGING POLICY CONTEXT

Background

The change of administration in Scotland following the last elections has already led to a number of important developments in the economic development arena. Although this study was commissioned under a previous administration with different priorities and strategies, this report caters for the changes in the new operating environment. This short section attempts to sketch out the new policy and institutional context.

Changing Strategic Imperatives

There are now three key documents which form a basis for understanding the changed priorities and policies following the election of the new administration. These documents are in the order in which they appeared, *Skills for Scotland*, *The Government Economic Strategy*, and the *Scottish Budget Spending Review 2007*. In considering the implications of the new priorities and policies for this study, the focus will be on economic development issues as the study is about how the Stirling Council area should position itself to promote economic development and growth within the locality. The main thrusts of the new approach are discussed below.

Key Driver: Growing the Scottish Economy

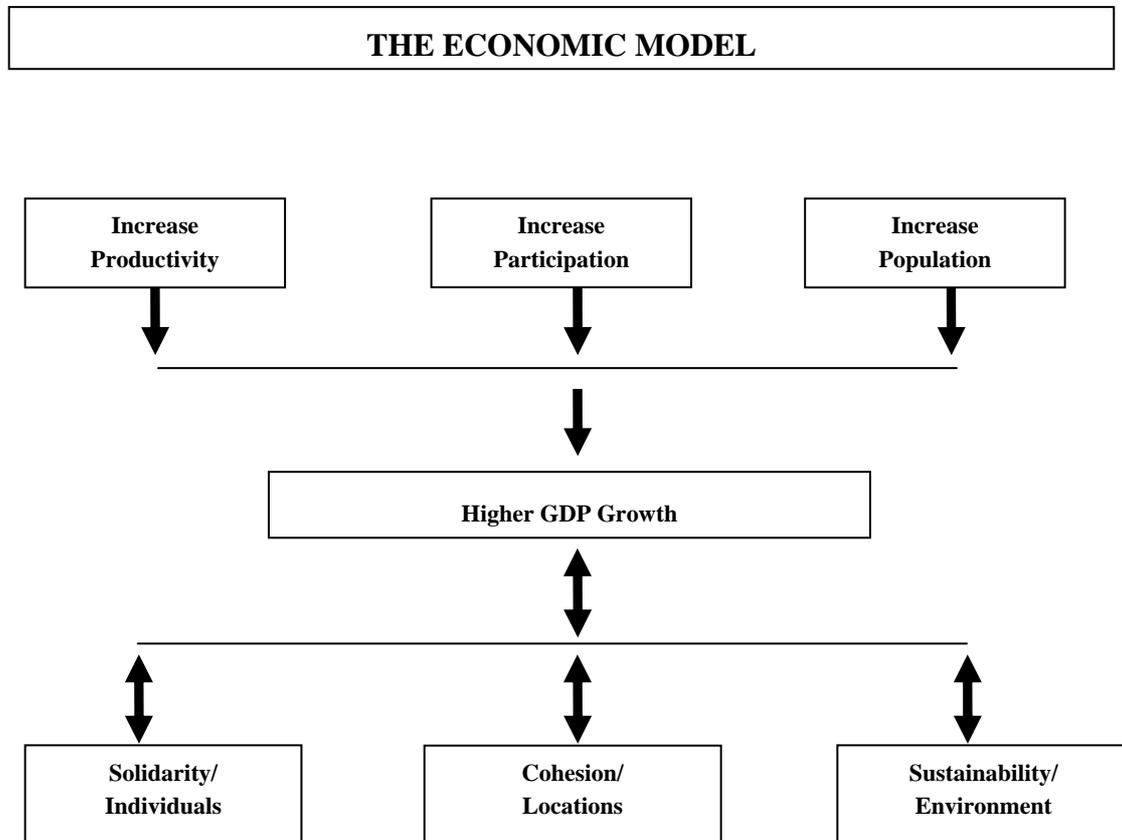
At the heart of the economic strategy of the Scottish Government is the over-arching goal of raising the growth rate of the Scottish economy to match initially the UK and subsequently the highest performing OECD economies. To achieve this over-arching goal, 5 strategic objective areas have been set, principally to make Scotland:

- Wealthier.
- Smarter.
- Healthier.
- Safer and stronger.
- Greener.

To promote the drive towards the over-arching goal and strategic objectives, strategic priorities have been set in the areas of:

- Learning, skills and well-being.
- Supportive business environment.
- Infrastructure, development and place.
- Effective government.
- Equity.

The economic model that sits behind the over-arching goal, the strategic objectives and the strategic priorities is summarised simply below.



The focus on productivity and participation – and to some extent population – is not significantly different from the perspective articulated in *A Smart Successful Scotland*. The greater integration into an economic development strategy of inequality between individuals and localities – what is called here solidarity and cohesion – is a new emphasis.

The spatial dimension to the economic strategy can be seen in the commitment to deliver regional equity through working to achieve balanced growth right across Scotland, and through facilitating greater collaboration between Edinburgh and Glasgow, to develop a city-region with the ability to compete on a global stage for people, business and investment. Although too early to anticipate the precise implications, this spatial focus could have potentially negative consequences for Stirling.

Targets have been set which fall out of the different parts of the model articulated above and these focus around:

- The rate of growth of GDP.
- Productivity.
- Employment rates.
- Population growth.
- Proportion of income earned by bottom 30%.
- The gap in employment and unemployment rates between best and worst regions.
- CO² emissions.

Clearly these are higher-level indicators relating to major economic trends in the Scottish economy, but nonetheless they give a clear lead as to how different parts of Scotland's economic system can play into the new national agenda.

Strategic Planning

The Scottish Government's measures in the Planning (Scotland) Act 2006 move the focus of strategic planning in Scotland from the established Structure Plan regime to a new system of Strategic Development Plans. The proposals envisage:

- a revised National Planning Framework articulating the top-level strategy for planning and its links to economic development, environmental protection and social inclusion,
- four Strategic Development Plans, commonly referred to as city region plans, focused on the largest cities, Glasgow, Edinburgh, Aberdeen and Dundee,
- local Development Plans at council level, focusing on community issues and implementation of wider development objectives.
- The measures contained in the Act come into force progressively from April 2007 until mid-late 2008. Certain details of implementation are still to be confirmed following consultation taking place in late 2007.

Institutions and Mechanisms

In many ways the changes flagged up in the strategy documentation around how the economy will be managed are more far-reaching than the strategic goals and the economic model underlying these. A number of innovations are highlighted below.

Economic Development is a 'Whole Government' Responsibility

There is a very clear statement – and an ethos – which runs through particularly *The Government Economic Strategy*. The message is that it is the responsibility of all

parts of Government to contribute to the over-arching strategic goal of raising Scotland's rate of economic growth.

- This is not just about what is done in the areas of enterprise and skills – but it involves the NHS, the planning authorities, education, etc.
- This applies to Government in Edinburgh – but also applies to governance in localities around Scotland in terms of local authorities and their partners.

This is a much stronger statement than has previously appeared in terms of the expectation placed on all parts of the governmental system to support the development of the process of driving forward the Scottish economy.

Changed Relationship Between Central and Local Government

Both in terms of the economic growth agenda, but also in relation to more general issues, the Scottish Government has said clearly that things are going to change in terms of the working relationship between Government in Edinburgh and local governments.

- In broad terms the intended change is one where there will be much more flexibility given to local government on how to deploy its expenditure.
- There will be less micro-management by the Government in Edinburgh of how that money is spent.
- There will be fewer funding streams controlled by Scottish Government which ring-fence the way in which money can be spent locally.
- The general relationship will be organised through new Outcome Agreements which will set higher level indicators against which the performance of local government will be measured – and indeed these Outcome Agreements will also be applied to other public sector bodies throughout Scotland.

The specification of the higher level outcome indicators for the new Outcome Agreements, and the detail on how this new system will work have yet to be finalised.

Changes in Economic Development Infrastructure

Many of the changes in the economic development infrastructure were announced prior to the publication of *The Government Economic Strategy*. The key changes can be summarised as follows.

- The new skills agency – Skills Development Scotland – will be made up of Careers Scotland, LearnDirect Scotland and the Scottish Enterprise staff principally involved in managing the delivery of national training programmes such as Modern Apprenticeships and Training for Work.
- Scottish Enterprise has now been asked to focus its efforts on developing Scottish business – and within this will retain the role of promoting the

development of key sectors. Aspects of business development are being transferred to local government, including the management of the Business Gateways contracts.

- Scottish Enterprise will withdraw from local regeneration activities, but retain a responsibility for regeneration of regional and national significance. However, at the time of writing, the precise split of responsibilities between SE and local authorities has yet to be confirmed.
- Scottish Enterprise is being re-organised in terms of its geography with the abolition of the LECs and the creation of 5 regions – with the Stirling Council area sitting within the East Central Scotland Region. The new organisational structure is currently under development but it is clear that the existing SE Forth Valley office will remain and will continue to act as the local base for account and client-managed services.
- Local Economic Forums will be disbanded by April 2008 and so there is an issue about how the economic development function is managed strategically at the local level. It is likely that informal coordination involving local and regional delivery organisations will continue the positive legacy of the Forth Valley Economic Forum.
- More of a funding change, the Scottish Government is introducing a new ‘Individual Deprivation Fund’ (the precise name has not yet been agreed) which will bundle up the monies that are currently allocated through the Community Regeneration Fund, Working for Families, Workforce Plus, More Choices More Chances, and possibly one or two other streams. This money – approximately £145 million for 2 years – will be allocated to Community Planning Partnerships to spend and in line with the new system, there will be specific high level indicators coming along with this money in the context of Outcome Agreements.
- Communities Scotland – which has been relatively marginal in terms of the economic development agenda – will no longer exist. Their responsibilities in the social economy have already gone to the Scottish Government and their housing and regeneration functions will also go into the Scottish Government.

Implications of Changes

As it is early days, it is difficult to be precise about the implications of these changes. Taking them at face value, however, the following are probably fair estimates of what it all means.

- Through the additional powers that have been granted to local authorities, there is an expectation that they will deliver economic development, in the

context of a stronger national economic strategy. Local partnerships now have a higher level of control– and inside of this local government’s role as an economic development player is enhanced. But delivery of the Economic Strategy can only be achieved if local authorities adopt much stronger alignment to national rather than purely local priorities.

- The caveat to the above is that it is not clear if there has been a significant allocation of additional resource to local government to play a bigger role in the economic development context, which itself needs to be considered in the light of the total budget dedicated to economic development. Although there have been real cuts in Scottish Enterprise’s budget after taking account of the transfer of functions, the additional money flowing to local government seems still relatively modest and it comes largely through the – also modest – Business Gateway contracts. Even here the money is already committed through the last contracting round. As indicated earlier, there remain big uncertainties about what, if any, regeneration assets, staffing and budgets might move from Scottish Enterprise to local government.
- There is a strong ethos inside of the new approach that all aspects of Government must contribute to economic growth, and it is intended that the NHS, for example, will play a significant role. In *The Government Economic Strategy*, Programme Boards are introduced to pull together all relevant parties within the Scottish Government around the five Strategic Priorities for stimulating economic growth. It remains to be seen to what extent this corporate approach will be embraced by local government and other local agencies – and it is not entirely clear how the Scottish Government will be able to influence this, if at all.

The key implication is that where a local authority and its local partners are up for this – and this is the case in the Stirling Council area as evidenced by the fact that the study was commissioned – there is surely an opportunity to push on a number of open doors and to flex their muscles in terms of seeking to expand and enhance the economic development effort. This means that Stirling Council and its economic development partners are in the realm of making important choices with more significant implications for the long-term development of the local economy.

However, Stirling Council and its partners also need to be thinking clearly about how their chosen route to economic development and growth will contribute to the overarching aspiration of increasing the long-term trend growth rate of the Scottish economy as a whole.

Summary of Key Points

Background

- The change of administration in Scotland has led to a number of important developments in the economic development arena.
- Although this research was commissioned under a previous administration with different priorities and strategies this report caters for the changes in the new operating environment.

Changing Strategic Imperatives

- *Skills for Scotland, The Government Economic Strategy* and the *Scottish Budget Spending Review 2007* are the key documents that underpin the changed priorities and policies for economic development.
- The key driver is an over-arching goal of growing the Scottish economy to match initially the UK and subsequently the highest performing OECD countries. This is a ‘whole government’ responsibility, with an expectation that all parts of the governmental system will drive the economy forward.
- Although not significantly different in emphasis from *A Smart Successful Scotland*, greater integration of inequality between individuals and localities (solidarity and cohesion) is a new emphasis.

Institutions and Mechanisms

- There will be changes to the working relationships between Edinburgh and local government with more flexibilities at local level, less micro management, less ring-fencing and clear outcome agreements to measure progress.
- Major changes in the economic development infrastructure will include the setting up of Skills Development Scotland, changes to the focus for Scottish Enterprise with a tighter remit on developing business and key sectors, the transfer of responsibility for local business support via the Business Gateway and local regeneration activities to local authorities, a re-organisation in terms of geography for Scottish Enterprise to 5 regions, the disbanding of formal Local Economic Forums, the introduction of a single Deprivation Fund and the closure of Communities Scotland.

Implications of Change

- Although the precise implications are as yet unknown it is likely that local partnerships will have a higher level of control, although it is unclear whether there will be a significant allocation of resource to support this.

- There may be an opportunity to expand and enhance the economic development effort, with significant implications for the long-term development of the local economy, where a local authority and its partners are willing to contribute to economic growth through the setting up of an equivalent mechanism to the Scottish Government's Programme Boards. However the precise details around this proposal in terms of timescale or what this would look like on the ground have not yet been agreed at a local level.
- Stirling Council and its partners need to be thinking clearly about how their chosen route to economic development and growth will contribute to the overarching aspiration of increasing the long-term, trends growth rate of the Scottish economy as a whole.

3. STIRLING'S POSITION RELATIVE TO OTHER CITY REGIONS

Background

Stirling occupies a critical location in the Scottish urban system. Stirling is heavily influenced by three of the city region plan areas, namely Glasgow to the southwest, Edinburgh to the southeast, and Dundee to the northeast. Therefore, key decisions taken in each of these city region plans will have important implications for the effectiveness and priorities of the Stirling Council area's own plans. This situation is made even more complex by the geographies of other functional governance arrangements. Despite Glasgow being the closest of the three surrounding city regional plan nodes, Stirling is included within Scottish Enterprise's East Central Scotland Region. For transport, Stirling has been included in the TACTRAN Regional Transport Partnership Area, along with Perth and Dundee. Health services remain organised by NHS Forth Valley at the scale of the former Central Region. Stirling therefore has a difficult task in ensuring its objectives carry due weight in wider development strategies.

Key Issues

Several policy themes emerge from this context, which the new planning frameworks will have to address:

- *Economic Development* - following the Building Better Cities process, much of the focus of recent development policy has been on re-intensifying growth in population and employment in the larger cities. Although Stirling has benefited (modestly) from the Cities Growth Fund initiative that arose from this process, there remains the strategic question of how the strategic role of smaller cities, such as Stirling, will be defined by the revised National Planning Framework. In terms of the changing organisational landscape Stirling will now be part of Scottish Enterprise's new East Central Scotland Region; and Stirling Council will now be responsible for local regeneration and business support activities. A final key issue for Stirling will be the extent to which it can respond to the national agenda of supporting a pipeline of firms with strong growth potential and meeting the growth needs of the priority industries.
- *Transport*- the likely priorities of the new Scottish government in terms of transport improvements will be improving the journey times and quality of the major inter-urban road and rail connections. Stirling is well placed to benefit from this; however it will be important to capture the development benefits from such upgrading, rather than risk exporting growth to the larger

city region centres. A key question will be, ‘How can transport improvements be leveraged to improve the relative attractiveness of Stirling as a business location?’

- *Employment and Regeneration* - the Scottish Government has identified development initiatives such as those at Stirling Forthside and the Raploch as of major importance. As pressure to focus physical regeneration effort further on large-scale sites such as Ravenscraig and the Clyde Waterfront intensifies, how can Stirling sustain its development trajectory? The issue of how to sustain and improve the city’s diversity of employment opportunities faced with increased competition, especially from Edinburgh and Glasgow, will also be important.
- *Population and Housing Growth* - a key challenge for the National Planning Framework will be how to address structural demographic change at the national level, whilst planning for growth in household numbers, and even real population growth in popular locations such as Stirling. How can this be achieved whilst continuing to meet environmental demands to reduce the impact of transport movements, especially mobility?

The Business Domain

Introduction

A key factor in determining where Stirling should fit alongside the city regions of Edinburgh, Glasgow and Dundee is the potential impact on Stirling’s economic base. A growing and sustainable economic base is essential for Stirling, but is also important for the Scottish economy as a whole. The key foundation for this aspect of the study was the analysis of key sectors and businesses carried out at stage one of the research. This involved:

- Assessing existing studies undertaken by, or for, Stirling Council, Scottish Enterprise Forth Valley and Scottish Enterprise National.
 - Preliminary interviews to establish the strategic context of the study with key stakeholders including Stirling Council, Scottish Enterprise Forth Valley, Scottish Enterprise Glasgow, Scottish Enterprise Edinburgh and Lothian and Scottish Enterprise National staff.
- Data analysis consisting of:
 - An analysis of the area’s largest employment sectors defined by 2 digit Standard Industrial Classifications of economic activity;
 - An industrial analysis of Stirling’s companies in the list of Business Insiders Top 500 companies located in Scotland;
 - An analysis of changes in the number of business units by industry;

- Identification of Stirling's industrial specialisms using 4 digit SICs to calculate Location Quotients (LQ);
- Identification of the most rapidly growing (measured by employment) industries and the nature of their growth including whether growth is uniquely local or essentially driven by national factors.

The statistical analysis provides an overall picture of industrial strengths and potential opportunities. But to assess whether these strengths and opportunities are 'real' or a 'statistical illusion', a series of telephone and face-to-face interviews was undertaken to explore individual industries, opportunities and especially inter-linkages (e.g. trading opportunities) in more depth.

To examine how Stirling 'fits' into the wider City Region context, this analysis was used to identify:

- how the local economy is differentiated from the Edinburgh and Glasgow City Regions, and perhaps more importantly.
- how, and in which industries, the local economy complements and 'adds to' the strengths of the Edinburgh and Glasgow City Regions.

Policy Context

Priority Industries

The Government's new Economic Strategy endorses the approach previously adopted by Scottish Enterprise in focusing on a number of priority industries with disproportionate growth prospects (see Figure 3.1).

Figure 3.1: Priority Industries

National Priority Industries	Regional Priority Industries
Electronic Markets	Aerospace
Energy	Chemicals
Financial Services	Construction
Food and Drink	Forest Industries
Life Sciences	Shipbuilding and Marine
Tourism	Textiles

In addition to these industries, Enabling Technologies is an additional priority, interpreted as businesses that develop and exploit technologies that underpin a large

number of industries. This could include businesses, for example, involved in advanced engineering, opto-electronics, product design, nanotechnology, etc.

Scottish Enterprise Regional Priorities

Analysis undertaken by Scottish Enterprise suggests that while the West Central Scotland Region will contribute to the growth of all priority industries it will focus in particular on Energy, Tourism, Forestry, Food and Drink, Life Sciences (e.g. Oncology), Construction, Aerospace and Electronic Markets. Similarly, the East Central Scotland Region, while having strengths in most priority industries, has internationally-distinctive strengths in Financial Services, Tourism and Life Sciences.

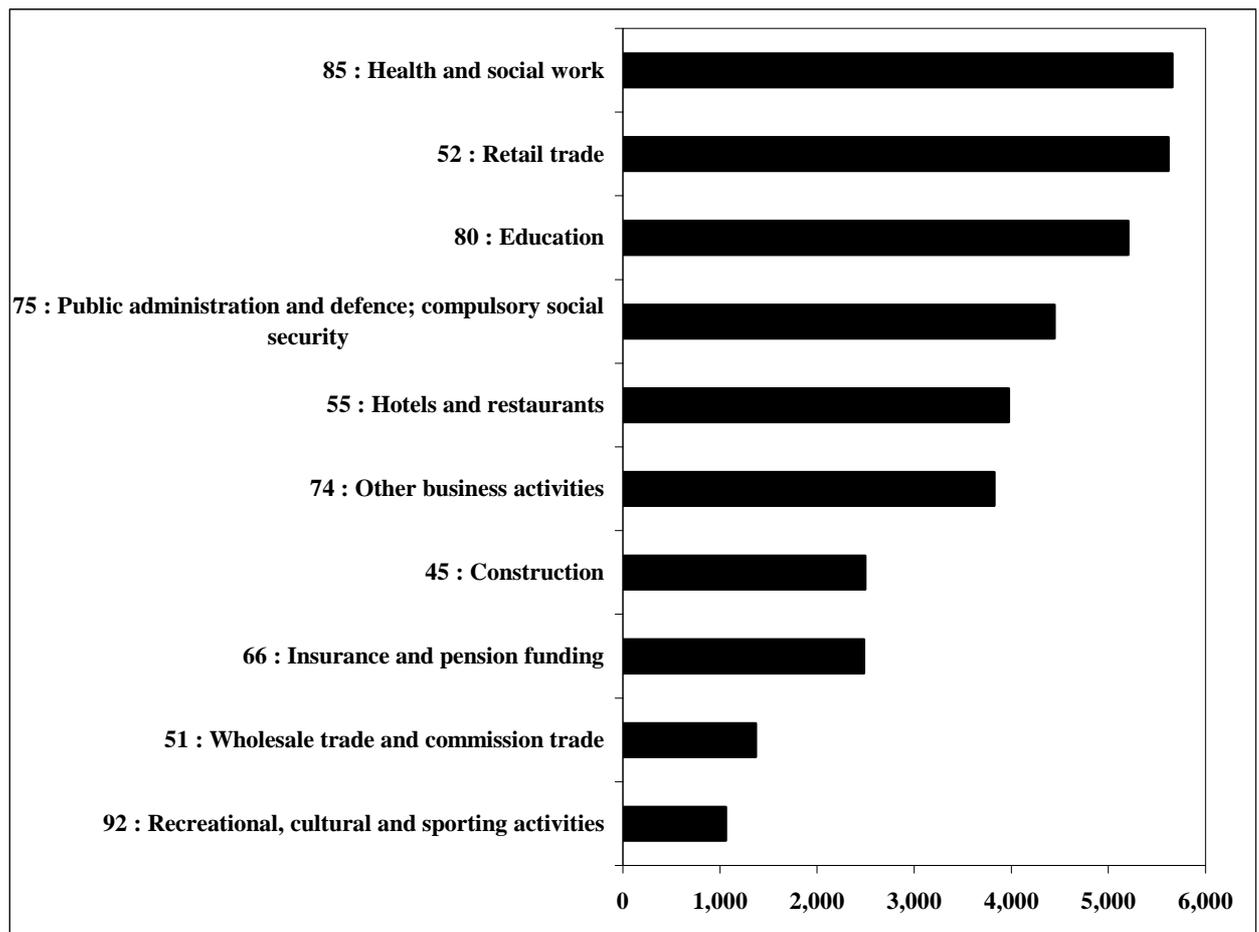
Industry Overview

The ten largest industrial sectors (2-digit SICs) in the Stirling Council area are shown in Figure 3.2. Between them, these 10 sectors employ over 36,000 employees (80% of Stirling's employment).

- With over 5,600 jobs, the largest sector is health/social work.
- 5,600 people are employed in the retail sector. Within this, nearly 1,500 are in non-specialised stores, with food predominating. This includes large stores and supermarkets. A further 500 are in other non-specialised stores. Clothing retail accounts for 1,100 jobs and other specialised stores over 700. These are more likely to be smaller independent retailers serving the tourist market.
- 2,150 of the 5,200 employed in education are in higher education, a reflection of the importance of the university.
- Almost 4,500 are employed in public administration and defence and compulsory social security, illustrating the high dependence on these industries.
- Nearly 4,000 are employed in hotels and restaurants, with around 1,400 in each, and a further 650 in bars.
- The 'other business activities' category employs 3,800 and includes a wide range of business services. The most important in Stirling are labour recruitment and personnel provision (1,400) and business and management consultancy (1,050). This sector also includes industries such as call centres, legal services, marketing, architecture, engineering design/consultancy, secretarial services etc. None of these are substantial locally.
- Nearly half the 2,500 people employed in construction are in general construction of buildings and civil engineering works.
- All of the 2,500 people employed in insurance and pension funding are employed directly by Prudential or through its outsourcing employer, Capita.

- Employment in wholesale is distributed across a range of industries. However, the largest employers are wholesale of alcoholic and other beverages (290) and pharmaceutical goods (140).
- Employment in recreational, cultural and sporting activities include diverse industries such as gambling (160), sports areas and stadiums (175) and other sporting activities (380).
- No manufacturing sectors enter the list of the 10 largest sectors.

Figure 3.2: Stirling's Top Ten Largest Sectors (2-Digit SIC) by Employment, 2005



Source: NOMIS - ABI

Notes: SIC 74 Other Business Activities is included.

Corporate Structure

Business Insider's Top 500 is a comprehensive database of leading companies located in Scotland, ranked by a combination of turnover and profit. To be included, each company must have fully audited accounts, and either have a UK or international head office in Scotland, or 90% of their turnover must be generated in Scotland. Of the top 500 companies in Scotland, 23 are based in Forth Valley. Of these, 13 are based in

the Stirling Council area. Figure 3.3 shows these companies along with their ranking, activities, whether they are Scottish or externally 'owned' and total employment.

Figure 3.3: Stirling's Companies in the Business Insider 500, 2004

Rank	Company	Description	Employment	Turnover (£) millions
<i>Stirling</i>				
62	Bett	Housing and property development	230	114.00
130	Forth Holdings	Electrical Installations	690	61.55
136	United Closures and Plastics*	Bottle top and closure manufacture	469	52.29
141	Ogilvie Group	Construction and housing development	406	125.00
229	Snowie Holdings	Waste disposal	270	25.18
290	Norbord*	Wood-based DIY products	919	162.98
296	Superglass*	Glassfibre insulation	192	24.51
311	TH Fergusson	Coal merchant	99	31.89
331	Castle View	Catering Services	4,634	62.50
357	Daniel Europe*	Monitoring and control systems	137	25.92
383	Scottish Sea Farms*	Fish farming	284	46.43
399	GR Advanced Materials*	Manufacture of reprographic supplies	91	15.85
461	Graham's Dairies	Milk supplier	143	16.31

Source: Scottish Business Insider

Note: i) * denotes non-Scottish ownership

ii) While a large employer, Prudential does not enter the list because it is not an independent or subsidiary company. This has no separate legal status (i.e. it is essentially a large branch plant)

iii) Not all of those employed by Castle View are employed in the Stirling area

Several of these companies are involved in property development and construction. Beyond this, it is difficult to see any industry specialisms.

Industrial Specialisms

Figure 3.4 shows all industries (4-digit SICs) with both over 0.3% of Stirling's employment (i.e. over 130 jobs) and a location quotient (LQ) compared with GB of over 1.2. A LQ of less than one means the industry is under-represented in Stirling while a LQ above one indicates a relative industrial specialism. The key thing to note is that the analysis does not identify a series of inter-related industrial specialisms (i.e. one means of identifying industrial clusters). Indeed, it does not identify large, single industry specialisms.

Figure 3.4: Stirling's Industrial Specialisms; 2005 Location Quotient

	Employment	Location Quotient	
		Stirling v GB	Stirling v Scotland
2614 : Manufacture of glass fibres	151	36.18	29.81
2020 : Manufacture of veneer sheets, plywood, laminboard, particle board, etc	256	27.91	20.68
2872 : Manufacture of light metal packaging	251	25.29	43.35
6601 : Life insurance	2,483	20.06	8.19
0201 : Forestry and logging	255	19.63	4.45
2953 : Manufacture of machinery for food, beverage and tobacco processing	263	14.90	17.45
9001 : Collection and treatment of sewage	306	7.79	7.59
5134 : Wholesale of alcoholic and other beverages	291	6.56	4.17
2661 : Manufacture of concrete products for construction purposes	207	6.48	7.08
2960 : Manufacture of weapons and ammunition	149	5.96	30.77
1511 : Production and preserving of meat	167	5.32	3.66
7134 : Renting of other machinery and equipment not elsewhere classified	226	4.20	3.36
7110 : Renting of automobiles	171	3.12	4.54
5510 : Hotels	1,458	2.86	1.63
4523 : Construction of highways, roads, airfields and sports facilities	266	2.77	1.81
7511 : General (overall) public service activities	2,395	2.67	2.04
7522 : Defence activities	329	2.42	2.29
8030 : Higher education	2,151	2.35	2.30
7525 : Fire service activities	230	2.20	1.48
5243 : Retail sale of footwear and leather goods	198	1.94	1.90
5242 : Retail sale of clothing	1,134	1.75	1.78
7011 : Development and selling of real estate	261	1.75	2.31
5146 : Wholesale of pharmaceutical goods	138	1.73	3.08
7414 : Business and management consultancy activities	767	1.62	2.25
4521 : General construction of buildings and civil engineering works	1,260	1.53	1.29
5010 : Sale of motor vehicles	593	1.50	1.51
6330 : Activities of travel agencies and tour operators; tourist assistance nec	269	1.48	1.70
7524 : Public security, law and order activities	644	1.43	1.37

	Employment	Location Quotient	
		Stirling v GB	Stirling v Scotland
4542 : Joinery installation	145	1.36	0.81
5530 : Restaurants	1,399	1.35	1.40
5245 : Retail sale of electrical household appliances and radio and television	172	1.30	1.51
8511 : Hospital activities	3,135	1.29	0.90
8021 : General secondary education	1,220	1.29	1.37
7512 : Regulation of agencies that provide health care, education, cultural services and other services excluding social security	464	1.27	0.81
9262 : Other sporting activities	380	1.23	1.02
212 : Other retail sale in non-specialised stores	552	1.23	1.40
5248 : Other retail sale in specialised stores	764	1.22	1.44

Source: NOMIS – ABI

Note: Industries with more than 0.3% of total employment and Location Quotient of 1.2 or greater

Many of the manufacturing industries shown in Figure 3.4 are just one or two businesses (or more accurately work units). For example, this applies to:

- Manufacturing of glass fibre (Superglass)
- Manufacturing of food/catering machinery (Falcon Food Service Equipment)
- Manufacturing of plywood/veneer (Norbord)
- Manufacturing of light metal packaging (perhaps United Closures and Plastics).

Even life insurance with almost 2,500 jobs is just one company, Prudential, 1,300 of whose employees were outsourced to Capita in December 2007 (although they will remain on site). Given its size, this will be discussed in more detail subsequently.

Beyond these essentially single business ‘industries’, six features stand out in Figure 3.4 as potential ‘industrial’ specialisms. These are:

- Public sector activity;
- Tourism;
- Retailing;
- Forestry and forest products;
- Construction;
- Business and management consulting.

Public Sector Activity

A disproportionate number of the industries are public sector related. These include Higher Education (i.e. the University), Secondary Education, Hospitals, Defence, Fire Services, Public Security, General Public Services and Government Regulatory Agencies (such as Scottish Natural Heritage, Forestry Commission, SEPA, SFEU). The strength of these activities in Stirling reflects two factors. Firstly the city acts as a place serving a relatively wide catchment area. Second, it is an attractive location for organisations such as NGOs, serving Scotland. The defence activities are largely the continuing presence of the Territorial Army. It is well known that the public sector represents a greater share of the Scottish economy than it does the British economy. Over recent years, it has also grown more quickly in Scotland than in Britain. However, relative to the Scottish economy, the public sector is even larger in Stirling.

Tourism

The importance of tourism is visible in the size of the hotel industry. In addition, restaurants are substantially over-represented as are travel agents/tour operators. While employing fewer people, several other tourism industries have LQs over 1.2 including botanical gardens/nature reserves, camping sites, lodgings and youth hostels. The national tourism strategy is structured around six destinations which include Loch Lomond and the Trossachs National Park, whilst obviously important to the area, it is also important to stress that Stirling City is itself an important destination/attraction.

Retailing

With the exception of some specialist retailing (e.g. mail order, market stalls, medical equipment) more or less all retail industries are over-represented in the City. At least to some extent, this reflects the area's tourism (e.g. the over-represented textile retailing i.e. knitwear). There are also small centres of tourism related retailing in, for example, Callander and Bridge of Allan. However, generally the size of the sector appears to reflect the City's central place role and the size of its local catchment area. Although arguably a 'chicken and egg' situation, there is a perception amongst some stakeholders that the City's retail offering perhaps 'lives off' rather than adding to Stirling as a tourism attraction in its own right. The same argument probably also applies to other substantial industries such as restaurants and bars.

Forestry and Forest Products

While employing relatively few, forestry and logging is something of an industry specialism. While essentially one business, the manufacture of basic wood products (plywood, veneer, panel boards, etc) is undertaken locally. The business uses local timber. Saw milling and manufacture of wooden containers also have a LQ over 1.2, but have fewer employees. Key issues for the Forest Industries Strategy are potential links to renewable energy (bio-mass) and construction. As far as we are aware, Stirling makes only a limited contribution to the Forest Industries Strategy. However a Forest Industries project manager is being recruited for Central Scotland, who will be based in Forth Valley, replacing a similar post that was lost a couple of years ago owing to budget cuts.

Construction

Several construction industries are both over-represented and employ substantial numbers. At least 3 of Stirling's 13 Business Insiders Top 500 are in the sector. Most of the companies are believed to serve the Central Belt/Scottish market. However, a few are known to serve UK and international markets. Related industries in Figure 3.4 include the renting of machinery/equipment. Whether or not there are any links with the manufacture of construction concrete and the development/selling of real estate is not known.

Business and Management Consulting

The industry employs over 750 people in almost 190 business units. Several of the businesses serve environmental markets. However, beyond this little is known about the industry. With the exception of Higher Education, this is one of the most significantly over-represented knowledge-based private sector services. Not only is it substantially over-represented (especially if benchmarked against Scotland), as shown, it is also growing rapidly. In contrast to consultancy, other similar industries such as legal services, market research, accountancy, advertising, computer and software services are weakly represented, although the number of software/computer service businesses is growing substantially.

Our interviewees noted the 'strength' of financial services. However, as already noted this is essentially one company. This was formerly an independent business (Scottish Amicable) but is now part of Prudential. It is no longer even a subsidiary HQ. In addition there are one or two local suppliers to Prudential (e.g. providing call centre and mailing services) classified under business services. In December 2007 the company announced it was transferring 1,300 employees to the outsourcing specialist,

Capita, as part of a major ‘cost cutting’ exercise. While no jobs are being lost (the Capita employees will remain on site at the Craigforth campus), there is still some uncertainty about the long-term future of the remaining Prudential employees, with the potential of further cost-cutting measures in due course. This is potentially one of the main specific threats facing Stirling. The company is not a particularly active player in Scotland’s financial strategy/community.

Our interviewees also commented on the life science sector. However, this is primarily two companies, (each employing around 100 people) Stirling Medical Innovations (SMI) on the Stirling University Innovation Park and BioReliance. For SMI, the further development of two medical diagnostic products currently being piloted has considerable market potential in global terms and they are forecasting a rise in employees to 300 in 5 years time.

Taking Business Services overall (i.e. SIC 74), the number of business units increased by almost 190 (almost 50%) between 1999 and 2005. This is by far the largest sector growth in the number of businesses.

It is also possible to benchmark Stirling against the Scottish average. (Figure 3.4) A comparison of the two sets of LQs shows this makes little difference.

- The only industries which would not be listed were Scotland used as the benchmark would be hospitals, joinery, other sports activity and regulatory agencies.
- If Scotland were used as the benchmark, the only additional specialisms would be hardware stores, newsagents/book retailing, labour recruitment agencies and judicial activities.

These make no fundamental difference to the analysis based on a comparison with Britain’s industrial structure.

Self-Employment and Enterprise

The self-employed are excluded from employment data therefore we have undertaken analysis of the self-employed in Stirling. Key points to note are as follows:

- Based on Census data¹, there were just over 5,700 self-employed Stirling residents in 2001.

¹ More recent self-employment data are available from the Annual Population Survey – this gives an estimate of 4,700 self-employed residents of Stirling for the period April 2006 to March 2007. However, these estimates are based on samples which are too small to enable industrial or occupational analysis a local level

- This is 14.6% of all those either employed or self-employed, compared with 11.0% in Scotland, showing that Stirling has a relatively large self-employed population.
- The incidence of self employment is greatest in agriculture, wholesale/retail, construction and – the largest sector with almost 18% of all self-employed – in professional and business services with over 1,000 self employed.
- Relative to its size, Stirling has more self-employed in almost all industrial sectors than Scotland as a whole. This is particularly the case for professional and business services where almost 23% of all residents in the professional and business services sector are self-employed compared to 15% in Scotland.
- Using occupational data, the rate of self employment is disproportionately high in skilled trades – reflecting the importance of self employment in the construction industry.

In terms of a measure of business start up as opposed to self employment, the number of businesses registering for VAT is a conventional proxy.

- The rate of VAT registrations per 10,000 adults was 38 in Stirling in 2005. This is substantially higher than the Forth Valley and Scotland figures (both 28 per 10,000 adults), perhaps owing to the greater tradition of self-employment in areas with a large rural population.
- Among businesses registering for VAT in 2005, business services accounted for 35% of the total with hotels and restaurants representing 20% and wholesale and retail 15%.
- Business services also accounted for the largest proportion (27%) of the stock of VAT registered businesses. The other major sectors were wholesale and retail (19%) and agriculture, forestry and fishing (15%).

As the threshold for VAT registration is an annual turnover of £60,000, the VAT figures will exclude many small businesses. An additional measure of business starts is the number of new business bank accounts. On this measure, Stirling again outperforms Scotland (67 per 10,000 adults compared to 56).

Several important general points emerge from this review of the statistical evidence.

- Whatever measure is used the incidence of self employment and business start up is significantly higher in the Stirling Council area than in Scotland as a whole.
- Within Stirling, business and professional services are the single most important sector for this type of economic activity.

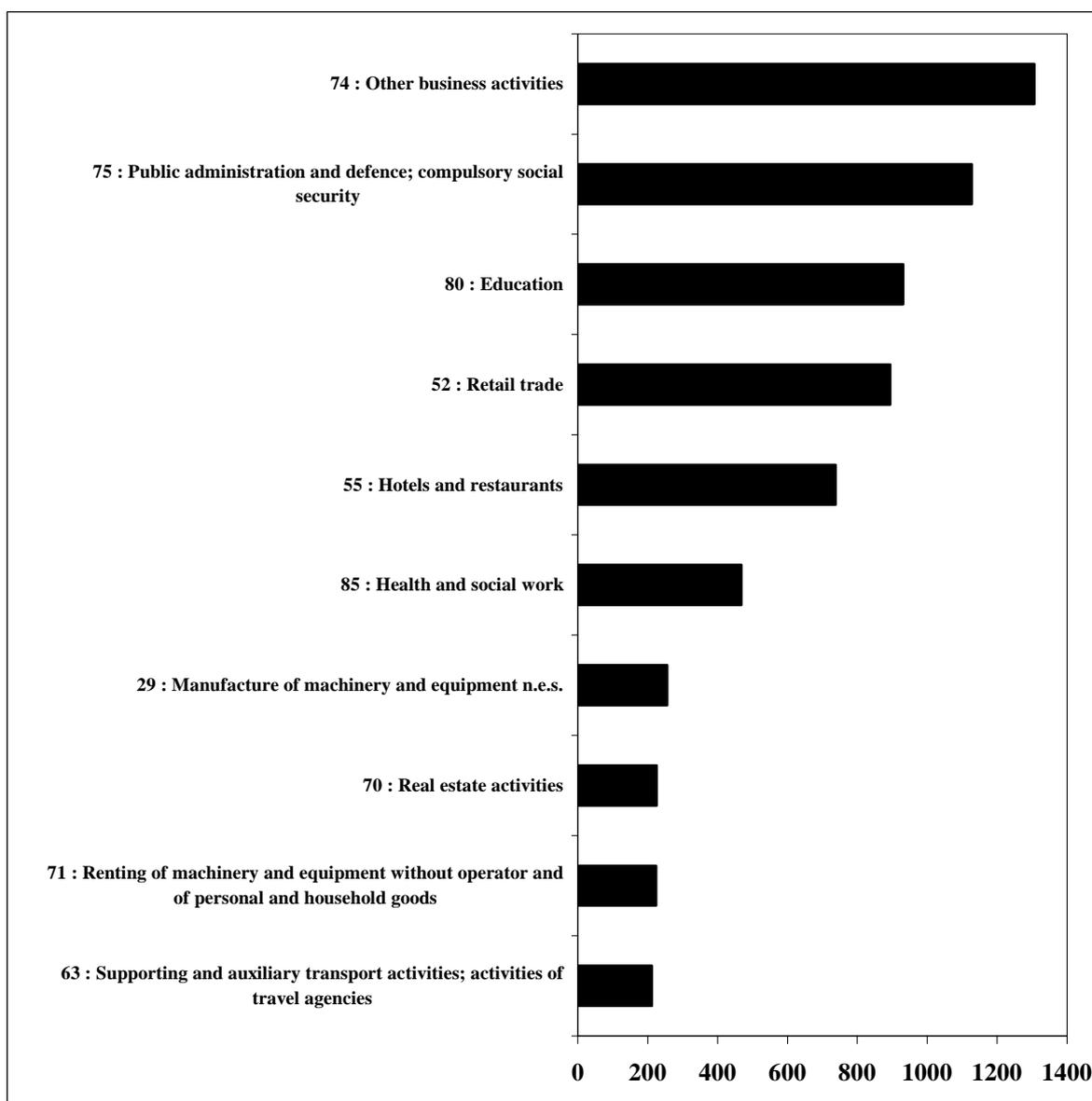
Employment Change

Having examined the current industrial structure recent growth sectors are shown in Figure 3.5. The main growth sectors are Business Services, Public Administration, Education, Retail, and Hotels/Restaurants. Within these fastest growing sectors, the specific industries (defined as 4 digit SICs) driving growth have been identified as follows:

- Growth in business services has been driven by the expansion of two specific industries – labour recruitment and the provision of personnel, which has added 425 employees since 1999, and business and management consultancy, which has added 522.
- Growth in retail has been dominated by non-specialised stores (or supermarkets), which has grown by 404 jobs. There has also been strong growth in clothing retail and other specialised stores.
- Both the hotel and restaurant industries have grown substantially.
- Employment has increased across Primary, Secondary and Higher Education.
- Hospital, other health activities and social work have all increased.
- The presence of manufacturing of machinery and equipment not elsewhere classified in the top ten is due to the impact of a single employer manufacturing equipment for the catering sector which relocated from Falkirk with over 250 jobs.
- Growth in real estate activities can be attributed to substantial increases in the development and selling of real estate and property letting.
- The growth in SIC 63 is largely attributable to an increase in travel agencies' employment as well as some increase in storage and warehousing.

While much of this growth appears to reflect the public sector and the needs of the local market, tourism also appears to have played a role.

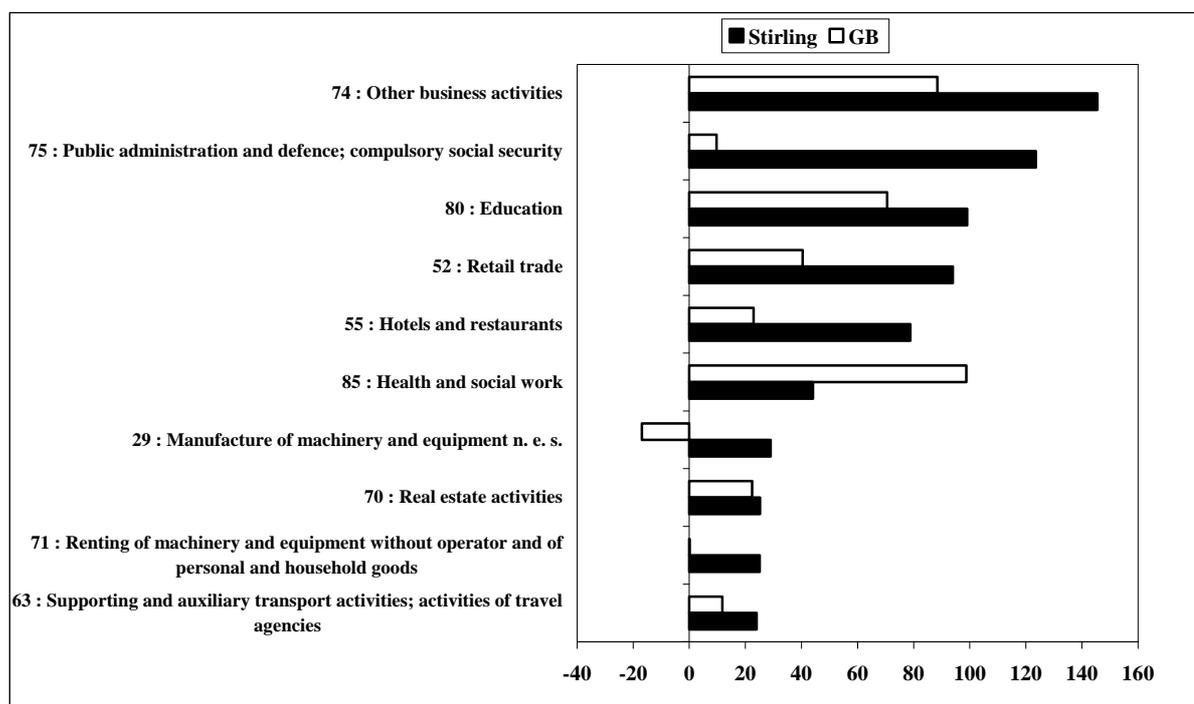
Figure 3.5: Employment Change in Stirling's Ten Fastest Growing Industries, 1999-2005



Source: NOMIS – ABI

Figure 3.6 shows the growth of these sectors (illustrated as jobs per 10,000 population) compared to the GB average. This shows that Stirling's top five sectors in terms of employment growth have all out-performed growth at a national level. This suggests that the strong growth in these sectors is not simply a local manifestation of national trends. The only one of Stirling's top ten growth sectors to have been outpaced by national growth is health and social work.

Figure 3.6: Stirling's Fastest Growing Industries Compared to Great Britain, (Employment Growth per 10,000) Population 1999-2005



Source: NOMIS – ABI

We also undertook an analysis of Britain's fastest growing sectors to establish whether there are rapidly growing industries nationally that are not growing substantially in Stirling. This found only two sectors in Great Britain's top ten growth sectors not in Stirling's top ten:

- Construction has declined in Stirling, while growing across Great Britain, substantially, although as an industry it is characterised by peaks and troughs, so this is not necessarily a long-term trend.
- Recreational, cultural and sporting activities, although not one of Stirling's fastest growing sectors, has still grown faster (in terms of jobs per 10,000 people) than the national average.

At a more disaggregated level of analysis (i.e. 4 digit SICs), software and computer services is growing faster nationally than in Stirling.

An analysis of growth in the number of business units (a proxy for the number of businesses) in Stirling found consultancy to be the fastest growing industry followed by software/computer services. However, the latter has not yet translated into employment growth.

Environmental Industries

Environmental industries are very difficult to define in a robust and meaningful way. Indeed, by any standard definition of ‘industry’, it is not an industry. Industries are generally defined in terms of:

- Something which can be bought and sold. For example, it is possible to buy and sell a PC, financial service or an advert. It is not possible to buy and sell an environment.
- Sometimes as an activity such as farming or recycling. There is no such thing as ‘environmenting’.

One of the key difficulties is that there is no standard definition of environmental industries that are used across mapping studies, so depending on the definitions used, businesses from almost any industry can be included in mapping studies of activity. Generally, companies classified under the environmental heading have little in common, with little inter-company spillovers or synergies and, consequently, few policy or service delivery benefits from treating them as a sector or cluster, perhaps evidenced by Scottish Enterprise’s decision not to include it as a priority industry.

However, it is possible to conceive of an environmental cluster if the businesses have some form of shared knowledge or technology (e.g. recycling, land remediation etc), although in practice, this is rarely the case in the UK. We are not aware of any such underpinning resource in Stirling, although Stirling Council commissioned research carried out by Fraser Associates (2007) that identified the environmental sector as important. This research followed the DTI definitional approach that focuses on organisation’s that provide environmental solutions (e.g. excluding aerospace and chemicals). This mapping study identified 50 organisations involved in the environmental sector, thought to employ over 1,000. These included a wide range of organisations, from waste management firms and environmental consultants to large public sector agencies and conservation organisations.

Notwithstanding the above, in reality, perhaps the best way to conceptualise environmental issues is as a ***driver*** of change across more or less all industries/sectors. Treating environmental issues as an industry driver (imposing both costs and creating market opportunities) requires a mode of policy interventions that differs from an priority industry approach.

Glasgow and Edinburgh City Region Relationships

Diversification Role

An analysis of Stirling's industry structure shows it is substantially different to both the Glasgow and Edinburgh City Region economies, since its industrial specialisms are generally not those of the two city regions. Nor are the links or synergies between Stirling's industrial specialisms and those of the two city regions particularly strong.

Although substantively different in scale to Edinburgh and Glasgow, 'inclusion' of Stirling into either City Region would nevertheless significantly diversify either City Region economy.

Complementarities and Synergies

Reflecting the differing industrial structures, there are few private sector industries with high LQs in Stirling and the Glasgow or the Edinburgh City Regions. The only exceptions are:

- The hotel/tourist industry in Stirling and Edinburgh.
- Several construction industries in Stirling, Edinburgh and Glasgow; and
- Life Insurance in Stirling and Edinburgh.

This is a rather blunt means of identifying industrial complementarities (and, therefore possible flows) between areas. However it is perhaps indicative suggesting few strong links.

Drawing on the evidence more generally, tourism is the industry with most complementarities. Other complementarities are perhaps more specific and limited. For example, Stirling makes a contribution to Scotland's financial sector in both Edinburgh and Glasgow through, for example, Prudential and Stirling University's strength in, and interactions with, the financial sector.

Stirling Central Belt Location

The growth of business and management consultancy reflects a locational advantage which underpins local growth in other office-based sectors (e.g. government regulatory agencies). Stirling is well located to serve both the Edinburgh and Glasgow markets. At the same time, it is neither Edinburgh nor Glasgow. In addition, it is accessible to Edinburgh Airport, has low office costs compared to the two major cities, is well located to serve NE Scotland and offers an attractive residential environment for professionals.

Potential Implications from the Review of the Business Domain

Stirling is a small economy. It is not an Italian industrial district with large numbers of interdependent businesses operating within an industrial specialism. It has few 'industrial strengths'. Its apparent industrial strengths are often single companies. Indeed, in some industries growth is driven by an individual company decision (e.g. relocation). Reflecting this conclusion, the following policy recommendations are suggested for discussion:

- Business development activities, rather than sector or industrial development per se, is important.
- Stirling should support several of the Scottish priority industries. For example, with SMI it could make a contribution to the life science priority. However, this is not the same as life sciences being a Stirling priority industry.
- While it should have a role in several priority industries, the most obvious ones for active participation are construction, forestry and potentially energy (biomass etc.).
- Stirling should exploit its specific assets outwith an industry focus. The most obvious is a strategy to assist the growth and development of the University (along with SUIP, perhaps linked to the Enabling Technologies priority).

There are two main exceptions to this argument. The first is tourism. Here it is recommended:

- Stirling must contribute effectively to the tourism strategy within Scottish Enterprise.
- Stirling should prioritise tourism both via the national park within Stirling Council area (in the Trossachs centred around Callander and Breadalbane and around Balquidder and Tyndrum) and, critically, Stirling City itself. The importance of tourism is underlined by data that shows that in 2006, the total tourist revenue for the City of Stirling was £249.98 million, broadly in line with that of the Loch Lomond and Trossachs National Park at £246.76 million (STEAM, 2006). This data suggests that Stirling City may also have a strong case for becoming an additional national priority destination for SE's tourism strategy. To do this effectively it needs a co-ordinated approach, with strong leadership. Linked to this,
- Prioritise the development of retail and other tourism related services such as restaurants. These should be developed to enhance Stirling as a key tourist destination.

While the need to link tourism and retailing/other services is an obvious and easy to make recommendation, it is recognised that achieving this objective may be far more difficult. The major issue relates to the dislocation of the major tourist draw of Stirling Castle and the location of the key retail developments in the town centre. Beyond the potential for interventions around free bus links/ tourist train etc there is no easy mechanism with which to link these two areas effectively. There is potentially a need for a more systematic study of how this could be achieved.

The second main exception is that Stirling should prioritise higher value business services. While tourism related employment is generally low paid, business services may generate higher paid employment opportunities. To achieve this objective, there is a need to:

- Take industries such as consultancy seriously around a clearer recognition of their importance to the local economy and a more concerted effort to ensure that they are supported effectively, for example, with access to appropriate premises in terms of location, facilities and cost.
- Aim to broaden the range of business services developing in the area.
- Recognise the importance that small firms and the self-employed have in these industries.
- Provide more intensive business support to those firms demonstrating the potential for strong growth.
- Recognise the importance of residential accommodation in supporting the growth of these industries.
- Ensure appropriate office and business park space is available for both inward investments but equally, if not more important, for the many small and local indigenous businesses.
- Not over emphasise the attraction of back office functions as the route to developing business and financial services. Often these may be tomorrow's branch plant economy.

Several consultees suggested that there is a widely held perception that Stirling could develop and fill several new Castle Business Parks. However, this was coupled with a concern that there are insufficient premises available to support expansion, specifically in relation to light industrial premises and office space (particularly in the city centre). There is a need to undertake a systematic review of the extent to which this problem is a reality amongst local businesses and the self employed that is constraining growth. This would include identifying what is on offer in terms of

property to buy or rent and the potential for shared accommodation for example using hot-desking, against the pros and cons of locating elsewhere.

The development of business services builds on Stirling's major assets including its residential population, quality of life, cost advantages and its central Scottish location.

Rather than structuring policy via industry priorities, Stirling should more explicitly use its central location (and residential and quality of life assets) to develop a diversified economy including:

- Both public and private sector office and business park located activities.
- Businesses and occupations (e.g. many skilled trades) benefiting from access to both Glasgow and Edinburgh.

Finally, Stirling should explore niche development opportunities that could underpin longer term economic development. These could include environmentally driven projects and sport (e.g. with the University). The Commonwealth Games in Glasgow present a clear opportunity for Stirling to exploit its potential leading up to and during the event.

There is a clear opportunity for the University to play a critical role in the development of Stirling. The wider contribution that the University can make to the local economy has been supported by SE Forth Valley and Stirling Council in the past and should continue to be supported. This involves a strategic approach, recognising not only the University's sports and science focus, but its wider economic development role linked to SUIP, and also other factors such as attracting overseas students.

There may also be potential for the local authority and its partners to support business development through procurement opportunities that would allow SMEs to compete more effectively. The public sector can play an important role in furthering the development, and perhaps more importantly sustainable development in the local economy, through the way in which it procures its goods and services. The Office of Government Commerce, in consultation with the Small Business Service in the UK, have developed a series of tools and techniques to support contracting authorities to widen their supplier base and to work to open up public sector markets to SMEs. These include:

- Advertising below threshold contracts through the website supply2gov.uk to make it easier for smaller businesses to compete;

- The development of a standard, simplified pre-qualification questionnaire for small scale projects;
- Improved information, advice and guidance on how to open up the supply chain.

Stirling is clearly located in a good place to serve the whole of the central belt, however, it could be argued that is not entirely sure how to exploit its locational advantage to ensure that it can serve both the east and west effectively. This is specifically the case in relation to industries where it has strengths such as business consultancy, public sector, skilled trades and construction.

The People Domain

This aspect of the research is concerned with assessing:

- The contribution of Stirling to metropolitan Scotland in relation to human capital assets.
- The supply of similar human capital and skills assets from neighbouring city regions that underpin and/or constrain the development of Stirling.
- The scope for partnerships around skills, human capital and other forms of people development.

Human Capital Assets

The supply of labour is a key place asset, and can act as the basis for its competitive advantage. To enable the economy to be competitive, employers need to be able to recruit individuals with the skills and attributes to fill their labour requirements, therefore a highly developed skills base is important to the competitiveness of the local economy because it:

- Is attractive to inward investors;
- May enhance and promote indigenous growth;
- Helps to facilitate business start-ups.

The working age population within the Stirling Council area are highly qualified, as shown in Figure 3.7.

- 39% hold degree level qualification or above, compared with a Scottish figure of 32% and a GB figure of 27%.
- At 9% Stirling also has a much lower percentage of the working age population holding no formal qualifications compared with a Scottish and GB figure of 14%.

Figure 3.7: Qualifications Held by Working Age Residents of Stirling Council Area, Jan 2006-Dec 2006, in VQs (%)

Qualification	Stirling		Scotland	GB
	Number	%		
NVQ4 and above	21,000	39	32	27
NVQ3 and above	31,900	59	51	45
NVQ2 and above	41,500	76	69	64
NVQ1 and above	46,000	85	79	78
Other qualifications	3,600	7	7	9
No formal qualifications	4,700	9	14	14

Source: ONS annual population survey, Nomis

Notes

1. % is a proportion of total working age population
2. NVQ 1 – e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent
3. NVQ 2 – e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent
4. NVQ 3 – e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent
5. NVQ 4 and above – e.g. HND, Degree and Higher Degree level qualifications or equivalent

In comparing Stirling with the working age population of the cities of Glasgow, Edinburgh and Dundee, the data shows that:

- With the exception of Edinburgh, where 45% of the working age population hold a qualification at NVQ Level 4 equivalent (or above), Stirling has by far the most highly qualified residents out of all of the areas;
- In percentage terms Glasgow has more than twice the number of working age residents without any formal qualifications than Stirling.

Figure 3.8: Comparison between Qualifications Held by Working Age Residents of Stirling, Glasgow, Edinburgh and Dundee, Jan 2006-Dec 2006, in VQs (%)

Qualification	Stirling	Glasgow City	Edinburgh City	Dundee City	Scotland	GB
NVQ4 and above	39	31	45	32	32	27
NVQ3 and above	59	49	64	49	51	45
NVQ2 and above	76	62	77	66	69	64
NVQ1 and above	85	72	85	77	79	78
Other qualifications	7	7	8	7	7	9
No qualifications	9	21	7	16	14	14

Source: ONS annual population survey, Nomis

Notes

1. % is a proportion of total working age population
2. NVQ 1 – e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent
3. NVQ 2 – e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent
4. NVQ 3 – e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent
5. NVQ 4 and above – e.g. HND, Degree and Higher Degree level qualifications or equivalent

Tertiary Education

Stirling is home to both its own University and a campus of Forth Valley College. These two institutions serve to provide the local population and beyond with the skills that they require to operate effectively in today's labour market.

The University of Stirling is a degree awarding higher education institution. It currently has over 9400 students, out of which 22% are studying at the postgraduate level and 78% at the undergraduate level. With over 80 countries represented at the university 14% of the entire student population are from overseas. Within the aim of pursuing '*world-class research and scholarship in order to inspire, challenge and support motivated individuals who want to shape their world*', the university focuses on a range of teaching and research disciplines which can be grouped into five core areas as follows:

- ***Health and wellbeing***, with subjects including Cancer Care, Dementia, Nursing & Midwifery, Psychology, Social Work.
- ***Culture and Society***, with subjects including Education, English Studies, Film & Media Studies, History, Languages, Philosophy, Politics, Religions, Social Sciences.

- ***Environment***, with subjects including Aquaculture, Biological & Environmental Sciences.
- ***Enterprise and Economy***, with subjects including Accountancy, Business, Computing Science & Mathematics, Entrepreneurship, Economics, Law, Management, Marketing, Publishing Studies, Retail Studies and Tourism Management.
- ***Sport***, with subjects including Sport & Exercise Science, Sports Studies, Physical Education.

Additionally, the university engages in commercial partnerships with businesses to ensure the promotion of knowledge transfer and commercialised opportunities. Undergraduate training is also provided to nurses in Stirling and across the Highlands and Islands.

Forth Valley College is the fifth largest college in Scotland. The college's main campus is in Falkirk but it also has a campus in Stirling, with the aim of strengthening its presence within the city. The college usually enrolls a total of over 25,000 students a year, out of which about 60% study on a part-time basis (Bell, 2007). With the key aim of meeting the skills needs of local employers, the college delivers around 750 courses from its campuses in Alloa, Falkirk and Stirling and at more than 30 outreach centres. In addition, it offers a number of commercial training courses, e.g. health and safety, IT, foreign languages and environmental courses, specialist hazardous courses, electrical and gas safety and management and languages.

Supply of Skills

Figure 3.9 shows the Travel to Work (TtW) origin of individuals working in the Stirling Council area. The data shows that:

- the labour market is quite self contained, with almost two thirds of those working within the Stirling Council area living locally.
- of those travelling from elsewhere to work in Stirling, Clackmannanshire and Falkirk are the biggest providers of labour at 11.4% and 9.4% respectively.
- Only 1.1% of those working in Stirling reside in Edinburgh, with almost twice as many travelling from Perth and Kinross.

Although it is difficult to interpret the data around the TtW origins of individuals from the surrounding city regions, because of the inclusion of Fife in both the Edinburgh and Dundee City Regions for planning purposes, Figure 3.10 shows clearly that the

strongest labour market links are to the Glasgow City Region, with Edinburgh and Dundee making a similar contribution in terms of incoming labour.

Figure 3.9 Travel to Work Origin of Individuals Working in Stirling Council Area (%)

Origin	Total	%
Clackmannanshire	4311	11.4
East Dunbartonshire	457	1.2
City of Edinburgh	409	1.1
Falkirk	3560	9.4
Fife	651	1.7
Glasgow City	624	1.6
North Lanarkshire	808	2.1
Perth and Kinross	807	2.1
Stirling	24925	65.8
Other	1330	3.5
Total	37882	100

Source: ONS, Origin-Destination Statistics (Extracted from Census Data)

Figure 3.10. Travel to Work Origin of Individuals Working in Stirling by City Region

Origin	Total
Dundee City Region	1534
Edinburgh City Region	1403
Glasgow City Region	2577
Stirling LA area	24925
Rest	8094

Source: ONS, Origin-Destination Statistics (Extracted from Census Data)

Notes

1. Data includes persons aged between 16 and 74
2. Fife council area is classified as part of both the Dundee City Region and Edinburgh City Region, so data cannot be summed to provide a total to avoid double counting.
3. The 'Rest' contains the local authority areas of Clackmannanshire and Falkirk.

Where individuals resident in Stirling work is an important issue, as they potentially represent the local skills base that are ‘leaking’ to areas outwith Stirling. Figure 3.11 shows the TtW destinations of Stirling Council area residents. The data show that:

- almost a third of Stirling Council area residents are employed outwith the Stirling Council area.
- Stirling exports the most labour to Glasgow City and Falkirk, at 7.3% and 7% respectively.
- there are more Stirling residents working in Edinburgh than Clackmannanshire at 3.8% and 3.3% respectively.

Figure 3.11 Travel to Work Destination of Stirling Council Area Residents (%)

Destination	Total	%
Clackmannanshire	1207	3.3
East Dunbartonshire	411	1.1
City of Edinburgh	1399	3.8
Falkirk	2559	7.0
Fife	481	1.3
Glasgow City	2687	7.3
North Lanarkshire	762	2.1
Perth and Kinross	440	1.2
Stirling	24925	67.8
West Lothian	405	1.1
Other	1508	4.1
Total	36784	100

Source: ONS, Origin-Destination Statistics (Extracted from Census Data)

Notwithstanding the difficulties previously outlined with the data it is possible to see clearly that in terms of city regions again the links are strongest to the west, with Stirling exporting almost twice as much labour to Glasgow as it does to Edinburgh. To the north, Figures 3.10 and 3.11 also show that Perth and Kinross is much more important as a source of labour than a travel to work destination, and the Glasgow and Edinburgh City Regions are significantly more important as a destination than the Dundee City Region.

Figure 3.12: Travel to Work Destination of Individuals Living in Stirling by City Region

Destination	Total
Dundee City Region	997
Edinburgh City Region	2327
Glasgow City Region	4587
Stirling LA	24925
Rest	4429

Source: ONS, Origin-Destination Statistics (Extracted from Census Data)

Notes

1. Data includes persons aged between 16 and 74
2. Fife council area is classified as part of both the Dundee City Region and Edinburgh City Region, so data cannot be summed to provide a total to avoid double counting.
3. The 'Rest' contains the local authority areas of Clackmannanshire and Falkirk.

Potential Implications from the Review of the People Domain

Stirling has a highly educated and skilled workforce that is potentially very attractive to inward investors, offers clear possibilities for the growth of indigenous business and may offer a pool of entrepreneurs for business start up. This skilled workforce is supported by strong college and university provision that provides education and training opportunities for both individuals and businesses.

At the same time, in common with many localities across Scotland, there remains significant numbers of people claiming DWP out of work benefits. People on benefits are less attractive to inward investors than used to be the case because the nature of inward investment has moved away from semi-skilled assembly work.

Relative to its surrounding localities, Stirling's resident labour supply is very high quality. Currently this is reflected in the fact that around 2,500 residents commute to Glasgow and around 1,500 to Edinburgh. This is a normal pattern where higher income workers trade off a long commute against a better package of housing and neighborhood assets as well as good quality services such as education. There is an opportunity, however, to raise the Stirling economy's already disproportionately high self employment and business start up rate to build more local benefit from these highly skilled residents. Additionally, a more targeted approach to inward investment focusing on these high skills as the key asset could bring more high value businesses into the locality to generate more local opportunities for higher skilled residents.

To the extent that the local employment base can be expanded, this will generate additional entry-level jobs that will be accessible to jobless people, thus helping to address the problem of worklessness in the locality.

Building into employability services a greater emphasis on workforce development to upskill unemployed people once in work as well as low skilled employees could help generally lift the skill sets across the Stirling economy and the added value of the jobs base.

The Project Domain

Due to its location within two city regions, Stirling and its local economy are affected significantly not just by major investments inside its boundary, but also those in adjacent areas. The potential therefore exists to extend the impact of projects such as the developments at Forthside by careful linking with other investments beyond the area's boundaries, especially infrastructure. The research sought to identify:

- major projects within Stirling with potentially significant positive impacts externally, and
- major city region projects which could impact significantly on Stirling.

Major Projects in Stirling and Vicinity

The significant uplift in the finance available to the previous Scottish Executive over the last few years prompted significant investment in public capital projects across several sectors, from transport to energy, health to education. The most important of these, both in Stirling itself and in surrounding areas, are described briefly below.

Energy

The proposed 'super pylon' electricity upgrade between lowland and highland Scotland is currently subject to scrutiny at public inquiry. The proposal envisages the provision of new transmission infrastructure to facilitate the export of the electricity from the major new renewable energy projects planned in the north of Scotland. If the project is given the go-ahead, then there is potential for Stirling to capitalise on its location near the southern terminal of the link and its connection to the core of the Scottish electricity grid. The exact nature of these opportunities would depend on the extent of engineering and maintenance required by the new infrastructure. It is the capacity of the transmission network that determines the potential for power generation, and the upgraded infrastructure associated with this project will provide Stirling with the opportunity to expand its own pool of renewable generation, either through conventional windfarms or other technologies such as biomass, and energy

engineering activities associated with these. Any expansion will need to be carefully assessed and effectively managed to ensure that there is no detrimental impacts for tourism in the area.

Education

The University of Stirling regards its main campus, with its setting beneath the Wallace Monument as one of its most important assets. Campus facilities include key cultural assets such as the MacRobert Arts Centre, in addition to academic and administrative buildings. The University's reputation for sport also means that sports and recreation facilities have an important place in forward planning. The Commonwealth Games in Glasgow 2014 provide important potential opportunities for Stirling, including the possibility of hosting a training camp to support the event.

With many of its main buildings now 40 years old, the university has worked to develop a capital plan designed to ensure its property portfolio is sustainable for the future. This plan is estimated at £59 million to 2012/13, part financed by the SFC, and part by the University. Ensuring the completion of the planned works is vital if Stirling University is to retain its reputation amongst students and staff, and continue to maximise its contribution to the wider local economy.

Major development works are not restricted to the University. Forth Valley College also plans a £100 million plus campus redevelopment programme across Forth Valley. This will greatly enhance the physical accommodation and facilitate significant expansion.

Health

The new £300 million Forth Valley acute hospital to be built at the Royal Scottish National Hospital site in Larbert will consolidate services currently provided by a range of locations across central Scotland, including Stirling Royal Infirmary (SRI). Whilst there are obvious issues in the move of some services away from the existing SRI site, especially in terms of patient access, the development of the new hospital gives the area genuine critical mass in acute and specialist health care for the first time. This concentration of clinical activity provides the opportunity to develop the area's specialist biomedical and related high technology industries as part of the wider Scottish cluster. In addition, the presence of significant numbers of high earning medical staff should be seen as an opportunity to develop high value housing, retailing and other service activities.

Roads

Stirling is already relatively well served by strategic roads, the key M80, M876 and M9 routes developed in the 1970s and 80s providing excellent access to all directions. More recently, however, commuting by road to Glasgow has become more difficult due to rising congestion on the unimproved sections of the old A80 road south of Cumbernauld. The Scottish Government is pressing ahead with its proposals to upgrade these sections to motorway, with completion of the Stirling – Glasgow motorway now due for 2010/11. The benefits of the new road will be enhanced by the completion of the M74 northern extension shortly thereafter. Although the M74 is some distance from Stirling, such is the scale of this route that it will have a significant impact on traffic levels across central Scotland. Of particular importance for Stirling is the significantly improved access to Glasgow Airport that this route will bring.

The construction of the second Upper Forth Crossing near Kincardine is progressing to schedule, with the route due to open in the 2008/09 financial year. After an initial period in which the existing Kincardine Bridge will be closed for refurbishment, the new combined crossings will substantially improve access to Stirling from south Fife, increasing the catchment of the city's key services.

Railways

Although behind schedule and over budget, the project to reopen the railway from Stirling to Alloa for passenger use represents one of the most significant additions to the rail system for several years. As well as opening up new travel opportunities between Stirling and Clackmannanshire, the new route brings additional benefits, such as the upgrading of signalling and other infrastructure around Stirling station to provide extra capacity and increased reliability. Further, Ministers' recent statements on the long term future of the railways have identified further investment in routes from Edinburgh and Glasgow to Dunblane and Alloa – including electrification – as medium term priorities.

Water

Scottish Water has recently completed its £6m upgrade of the Stirling Water Treatment Works (WTW), which will radically reduce the level of waste being output into the area's rivers, especially the River Forth. This investment complements a further £21million directed to renewal of the area's mains water and sewer systems since 2002. Investment to 2010 focuses on a number of WTWs in the area, including the Gartcarron and Carron Valley sites, and the Balmore WTW in Glasgow, which is

a key supply facility serving Stirling. Whilst this investment in water supply works has a relatively modest direct economic impact, it nevertheless increases the overall quality and supply of water services, and opens up key sites for new physical development.

Scottish Executive Priority Geographic Areas

The Clyde Corridor is the only Scottish Executive Priority Geographic Area that falls within Stirling's neighbouring City Regions. Within the Clyde Corridor, the Clyde Gateway and Clyde Waterfront project developments together plan to deliver more than 50,000 jobs, provide extensive office and retail space and seek to make a major contribution to the economic development of the Glasgow City Region, but more importantly to Scotland as a whole. In terms of the potential impact for Stirling this may lead to increased labour market pressure, with competition to fill these jobs. Glasgow hosting the 2014 Commonwealth will add additional pressure in terms of labour supply, particularly in relation to the construction industry.

Figure 3.13 shows the major projects coming on stream in Stirling. They can be categorised as follows:

- Major infrastructure developments
 - Stirling-Alloa-Kincardine rail link
 - New Kincardine Crossing;
 - Upgrade of Stirling Water Treatment Works.
- Regeneration projects
 - Raploch
 - Stirling Forthside
- New Developments
 - Larbert Royal Infirmary
 - Forthbank Sports Village
 - Stirling's Major Growth Area
 - Falkirk Gateway.

Figure 3.13: Major projects in Stirling and vicinity with wider potential impacts

	Descriptor	Benefits to Stirling	Potential Wider Impacts
Major Infrastructure			
Stirling-Alloa-Kincardine Rail Link (Opens 2008)	Reopening of rail line between Stirling and Alloa to passenger traffic, reconnecting Alloa to national rail network	Economic, social and environmental benefits for local community	Ease congestion on Forth railway bridge – allowing improved Fife-Edinburgh passenger services Faster, more efficient freight route for coal from Ayrshire to Longannet Power Station
New Kincardine Crossing (Opens 2008/2009)	New bridge and associated trunk roads at the Upper Forth Crossing at Kincardine.	Open area up to new economic benefits Improvements to road safety Reduction in congestion and associated environmental improvements Extensive network of new cycleways/footpaths	Transform transport links across Forth Valley
Upgrade of Stirling Water Treatment Works		Radical reduction in waste pumped into River Forth. Improvements in quality and supply of water services, opening key sites up to new developments.	Increased capacity to host new development, especially residential
Regeneration			
Stirling Forthside	40 acre mixed use residential, office, retail and leisure development linked to city centre	Regeneration of brownfield site Access to river through improved infrastructure Investment and job creation High quality leisure facilities	Increased overall attractiveness of Stirling as regional service centre
Raploch (10 years from 2004)	£120 million regeneration of Raploch estate to provide a choice of residential and commercial property, an enhanced sense of place, improved prospects for the local community through effective partnership.	Address problems of poor quality housing, high unemployment, poverty and related social problems. Access to education and training Improved health and quality of life Access to business start-up and enterprise funds	Affordable housing and improved urban quality makes Stirling more attractive, widening and deepening potential labour pool

	Descriptor	Benefits to Stirling	Potential Wider Impacts
New Developments			
Stirling's Major Growth Area	New village development to provide new businesses, housing, public infrastructure, new high school, community facilities, shopping and possibly a railway station	Creation of a new village, with a mixed community, choice of housing, and attractive and safe environment.	Affordable housing and improved urban quality makes Stirling more attractive, widening and deepening potential labour pool.
New Forth Valley Hospital	New build hospital supported by range of community hospitals and enhanced community health facilities	Flagship building Flexible healthcare provision	Leading edge health care an important element of wider quality of life offer. Potential to accommodate co-located life science firms.
Forthbank Sports Village	New mixed sports development with swimming pools, nine-court sports hall, outdoor pitches, climbing wall and ice rink	First class sports facilities to serve the local area Economic benefits from attracting users from beyond Stirling	Provision of a national Centre of Excellence for sport
Falkirk Gateway	This is a mixed use business location with a Class 4 accommodation business village, 2 Phase retail park, the opportunity to develop a hotel and leisure complex and a new Marina. Outline planning permission was lodged in September 2006.	There are no tangible benefits to Stirling, beyond potential job opportunities for residents.	There is a danger that that the potential to accommodate 5,000 office/retail jobs may attract businesses currently located in Stirling or displace businesses that would otherwise locate there.

Major city region projects potentially affecting Stirling

Figure 3.14 shows the major city region projects that are likely to have an impact on Stirling. These can be categorised as:

- Scottish Executive Priority Geographic Areas;
 - Clyde Gateway and Waterfront Regeneration;
- Major infrastructure developments;
 - M74 Extension, Glasgow;
 - Capital Streets, Edinburgh;
- New developments;
 - City Science, Glasgow;
 - Pacific Quay, Glasgow;
 - Edinburgh Science Triangle;
 - Nova Technology Park, Glasgow.

Figure 3.14: Major city region projects with potential impacts on Stirling

	Descriptor	Benefits	Potential Impacts on Stirling
GLASGOW CITY REGION			
Priority Geographic Area			
Clyde Gateway Part of Clyde Corridor Scottish Government Geographic Priority Area (25 year project)	25 year initiative regeneration initiative to create 21,000 new jobs, 10,000 new homes, 400,000 m ^{sq} employment space, 46,000 m ^{sq} retail space	Regeneration of deprived areas of East End of Glasgow and South Lanarkshire Major contribution to the Glasgow City Region and Scotland as a whole in terms of economic development opportunities	Critical mass of Clyde Gateway project threatens to 'crowd out' other, smaller projects elsewhere in terms of market visibility and investor focus; competition for labour, especially in construction. However, there is potential for these developments to offer opportunities to construction businesses in Stirling.
Clyde Waterfront Part of Clyde Corridor Scottish Government Geographic Priority Area (15 year project)	15 year initiative to transform River Clyde into a vibrant area to live and work	Wide scale economic, social and environmental improvements to area 33,000 jobs of which 23,000 new to Scotland Retention of talented workforce Increased tourist numbers Improved transport links	As above
Major Infrastructure Developments			
M74 Extension			Significantly improved access to Glasgow airport; potential to decrease Stirling's relative accessibility given improved connections to areas west of Glasgow

	Descriptor	Benefits	Potential Impacts on Stirling
New Developments			
City Science (2003 for 5-10 years)	Mixed residential, commercial and leisure property in partnership with Glasgow's universities and the private sector partners to deliver a science and technology district.	Attract £60 million of private sector investment and create 1,600 new jobs Encourage the start-up and growth of knowledge based businesses in Glasgow	Cluster of bioscience activities closely related to existing academic and research centres will make it harder for smaller centres to compete. May be an opportunity for Stirling University or SUIP to engage.
Nova Technology Park (2004 - ongoing Masterplanning process)	66,000 sq m of accommodation for science and technology companies keen to expand from research to manufacturing	Range of property options from start-up suites to hi-tech production facilities Incorporate environmental sustainability as a core value in development	Regrading of A80 to motorway status will provide direct motorway access to Stirling Accommodation still available in Phase 1 Eclipse Campus
Pacific Quay (2005-2015)	Development of a digital media campus centre and business park, alongside the existing Glasgow Science Centre, IMAX , Innovation tower and BBC.	Creation of jobs Improved linkages to city centre	Relative minor impacts, although availability of specialised business services in digital media could be exploited by Stirling companies
EDINBURGH CITY REGION			
Major Infrastructure Developments			
Capital Streets (2003-2009)	£17.3 million investment to improve streets and public spaces. Improvements will also be made to telecoms and utilities systems in the city centres.	Enhances Edinburgh's image as a creative, vibrant and dynamic location. Provides boost to tourism. Makes Edinburgh more attractive to creative individuals and innovative businesses. Improved telecoms infrastructure.	Overall boost to central Scotland tourist offer; potential for higher quality, longer stay visits including Stirling

	Descriptor	Benefits	Potential Impacts on Stirling
New Developments			
Edinburgh Science Triangle (2004 - ?)	A 'triangle' of seven science and technology centres in Edinburgh and the Lothians, which are working together to promote Scotland as a leading force in the science sector. Awarded 'Most enterprising area in Scotland' by DTI in Enterprising Britain 2007 competition	Creation of an 'ideas and knowledge hub' to act as a magnet and incubator for world-class research and innovation. Aim to attract 15,000 new high value jobs and generate up to £70 million per annum, building on the 3,300 employees across 100 companies already established.	Cluster of bioscience activities closely related to existing academic and research centres will make it harder for smaller centres to compete. May be an opportunity for Stirling University or SUIP to engage.

Potential Implications from the Review of the Project Domain

The benefits to Stirling flowing from the major projects that are happening within its own local authority area and vicinity are primarily around:

- Infrastructure developments that:
 - facilitate movement within the Stirling local authority area;
 - link Stirling up more effectively within the Edinburgh and Glasgow city regions, offering better accessibility, connectivity and capacity.
- Regeneration activities that will:
 - improve the overall quality of life for Stirling's residents and businesses.
- New developments that will:
 - provide improvements to the quality of life for residents.

The potential wider impacts from Stirling's major projects are mostly related to infrastructure developments that will:

- Ease congestion;
- Open up new development opportunities;
- Improve transport links across the Forth Valley (and beyond).

In addition, the larger scale projects may serve to raise the profile of Stirling as a regional service centre, making it more attractive and widening and deepening the potential pool of labour.

The major city region projects taking place elsewhere are likely to impact on Stirling in a number of ways.

- There is a danger that the Scottish Government's Priority Geographic Area of the Clyde Gateway and the Clyde Waterfront will 'crowd out' other smaller projects in terms of market visibility and investor focus and increase the competition for labour.
- The M74 extension may decrease Stirling's relative accessibility given the improved connections east-west across Glasgow, and especially between the areas of major land renewal and development such as the Clyde Gateway, Ravenscraig, and Glasgow Airport.
- The new developments around City Science and the Nova Technology Park offer attractive alternatives for inward investors.

The potential benefits flowing to Stirling from the major projects happening in the surrounding city regions are likely to be relatively small scale. However improvements that provide an overall boost to central Scotland, such as infrastructure developments and projects that improve the overall tourist offering, open up the potential for higher quality, longer stay visits. Stirling needs to work to ensure that it captures value from these improvements.

Summary of Key Points

Background

- Stirling occupies a critical location in the Scottish urban system and is heavily influenced by the two city regions of Glasgow and Edinburgh and to a lesser extent, Dundee.
- Key decisions taken in these city region plans have important implications for the effectiveness and priorities of Stirling Council area's own plans.
- Other functional governance arrangements, for example, relating to economic development, transport and health further complicate the situation.
- A growing and sustainable economic base is essential for Stirling and the Scottish economy more widely.

The Business Domain

- The potential impact on Stirling's economic base is a key factor in determining where Stirling should sit alongside other city regions.
- Statistical and supporting qualitative interview data was used to examine Stirling's 'fit' with the wider City Region context, looking specifically at differentiation and complementarity.
- Scottish Enterprise has a series of national and regional priority industries. While not finalised, the West Central Scotland Region aims to contribute to

all the priority industries, but with a focus on Energy, Tourism, Forestry, Food and Drink, Life Science, Construction, Aerospace and Electronics.

- In contrast, the East Central Scotland Region will support the growth of most priority industries with a particular focus on life sciences, tourism and financial services.
- The 10 largest industrial sectors in Stirling account for 80% of its employment.
- The largest sector is health/social work, then retail, higher education, public administration and defence, hotels and restaurants, other business activities, construction, insurance and pension funding, wholesale trade and recreational, cultural and sporting activities.
- No manufacturing sectors are in the top 10.
- Using Business Insider, beyond property development and construction it is difficult to identify any industrial specialisms in Stirling.
- Location quotient analysis for Stirling identifies six potential 'industrial' specialisms, namely public sector activity, tourism, retailing, forestry and forest products, construction and business and management consulting.
- Although manufacturing appears to be a specialism, the majority of these industries are just one or two business (or more accurately work units).
- In terms of self employment, whatever measure is used the incidence of self employment and business start up is significantly higher in the Stirling Council area than in Scotland as a whole, with business and professional services the single most important sector for this type of economic activity.
- The main growth sectors are business services, public administration, education, retail, hotels/restaurants. These top five sectors have all out-performed growth at the national level.
- Although a mapping study identified the environmental sector to be important in Stirling, with 50 organisations believed to be employing more than 1,000 people, the data does not suggest robust evidence of a 'cluster'. It is best to conceptualise environmental issues as a driver of change, both imposing costs and creating market opportunities.
- In terms of its relationships to Glasgow and Edinburgh, Stirling has a diversification role, has some complementarities (and therefore possible flows) around the hotel/tourist industry, construction and life insurance and a clear locational advantage for the growth of business and other office based sectors.
- Stirling has few industrial strengths, therefore the key potential policy recommendations from the review of the business domains are:

- Business development activities, rather than sector or industrial development per se is important;
- Stirling should look to support several of the priority industries, most obviously construction, forestry and potentially energy (biomass);
- Stirling should exploit its specific assets outwith an industry focus, most obviously around the University (along with SUIP).
- The two main exceptions to this approach are tourism and higher value business services.
 - With tourism Stirling needs to contribute effectively to the SE Tourism Industry Strategy, prioritising both activities via the national park and also Stirling City with an improved offering of retail and other tourism related services.
 - There needs to be greater recognition of the importance of high value business services and a review of their support requirements.
- Stirling should use its central location (and residential and quality of life assets) to develop a more diversified economy.
- There needs to be a greater exploration of niche development opportunities that could underpin longer term economic development, potentially around sports, the environment, science (through SUIP). The university may have a key role to play here.
- The local authority and its partners could support local development through procurement opportunities that would enable SMEs to complete more effectively.

The People Domain

- The supply of labour is a key place asset and can act as the basis of its competitive advantage, attracting inward investors, enhancing and promoting indigenous growth and facilitating business start-up.
- The working age population of the Stirling Council area is highly qualified relative to GB, Scotland and its major cities (with the exception of Edinburgh).
- Stirling is well served in terms of college and university level education by Stirling University and Forth Valley College.
- The labour market is quite self-contained, with almost two thirds of those working within the Stirling Council area living locally.
- The strongest labour market links in terms of individuals coming into Stirling to work are with the Glasgow City Region.

- The main destinations of the third of Stirling's residents who do not work locally are Glasgow and Falkirk.
- The potential implications from the review of the people domain are:
 - The highly educated and skilled workforce is potentially very attractive to inward investors, offers clear possibilities for indigenous business growth and a potential pool of entrepreneurs for business start-up.
 - There remains a significant number of people claiming DWP out of work benefits who are now less attractive than at times when the nature of inward investment was predominantly semi-skilled assembly work.
 - The high quality labour presents a significant opportunity to raise Stirling's already disproportionately high self employment and business start-up rate.
 - A more targeted approach to inward investment could bring more high value businesses into the locality to generate more local opportunities for higher skilled residents.
 - A greater emphasis on workforce development to upskill unemployed people once in work could help to lift the skills set across the Stirling economy and add value to the jobs base.

The Project Domain

- Due to its location within the Glasgow and Edinburgh city regions, Stirling and its local economy are affected significantly by major investments inside its boundary and by those in adjacent areas.
- Significant uplift in the finance available for capital projects to the previous Scottish Executive in recent years has seen significant investment in public capital projects around energy, education, health, roads, railways, water and specific Priority Geographic Areas.
- The major projects in Stirling and its vicinity are around major infrastructure developments, regeneration projects and new developments.
 - Major infrastructure developments are the Stirling-Alloa-Kincardine rail link, the New Kincardine Crossing and the upgrade of the Stirling Water Treatment Works.
 - Regeneration projects are the Raploch and the Stirling Forthside Development;
 - Key new developments are the New Forth Valley Hospital, Forthbank Sports Village, Stirling's Major Growth Area and the Falkirk Gateway.

- The major projects in surrounding city regions that are likely to have an impact in Stirling are around the former Scottish Government's Priority Geographic Areas, major infrastructure developments and new developments.
 - The Clyde Gateway and Waterfront Regeneration is the Geographic Priority Area.
 - Major infrastructure development are the M74 extension in Glasgow and the Capital Streets redevelopment in Edinburgh.
 - Key new developments are City Science, Pacific Quay and the Nova Technology Park in Glasgow and the Edinburgh Science Triangle.
- The benefits to Stirling flowing from the major projects happening within its own local authority area and vicinity are primarily around infrastructure developments that facilitate movement internally and within the Edinburgh/Glasgow city regions, and new development and regeneration activities that improve the quality of life and place for residents and businesses.
- Potential wider impacts from major internal projects are primarily around easing congestion, opening up new development opportunities, improving transport links and raising the profile of Stirling as a regional service centre.
- The potential benefits flowing to Stirling from major projects happening elsewhere are likely to be relatively small scale, however Stirling needs to work hard to ensure that it captures value from anything that provides a boost to central Scotland overall.
- There is a danger that major projects outside Stirling may 'crowd out' other smaller projects, decrease Stirling's relative accessibility given the improved east-west connection and offer attractive alternatives for inward investors.

4. OPTIONS FOR STIRLING

Background

The study team analysed stages one and two of the research through a series of internal workshops. This process scoped out four potential options, relating to the economic positioning of the Stirling Council area. These options were then presented at a workshop made up of the Steering Group members from Stirling Council and Scottish Enterprise Forth Valley and invited key stakeholders. The purpose of the workshop was to interrogate the various options with a view to reducing the number and possibly deciding on the preferred option or options. The options presented at the workshop, along with the pros and cons and level of support identified during the accompanying discussion are outlined.

Potential Collaborative Strategies for Stirling

These options are illustrated with examples from a number of medium sized freestanding towns/cities in England, which occupy similar positions at the interface of two or more city regions' spheres of influence. The options are based on a review of the literature on economic development strategy, and exploration of the strategies that some case study locations have actually chosen to follow. Lessons from these case studies are included in the outline of each option below, with more detail consolidated in the appendices. The chapter concludes with a summary table of the options.

Whilst case studies are undeniably informative, it is necessary to give a health warning about the degree to which specific policy postures and approaches can be directly transplanted to Stirling from elsewhere. Successful economic development is place-specific; this means that strategies must take account of particular local conditions, including (but not limited to) economic structure and trajectory (based on current trends and projections), the structure, reputation and strategic capacity of institutions, as well as local politics and business cultures. The success of any chosen strategy therefore depends on the extent to which the range of partners charged with managing Stirling's economic development can take account of local circumstances to ensure effective delivery of agreed approaches.

Any location faced with a complex surrounding economic geography has a number of strategic options open to it. These range from a 'do nothing' approach, which ignores the collaborative strategies of other places to focus on improving core assets to compete more effectively in the marketplace, to active engagement in city regional or

city collaboration strategies with a focus on providing key inputs to a broader economic strategy.

Option One: ‘Go with the Flow’ – Let The Market Decide

Faced with a complex terrain of national and regional economic strategies, it is an entirely valid option for policy makers at the local level to ‘do nothing’ other than pursue existing, well established policies effective at this scale, such as skills interventions and physical renewal. The logic of this position is based on the fact that it is difficult for any local policy makers to intervene substantially in the wider economy, and that macro-strategies, such as city regional or city collaboration approaches make this more difficult still. Stirling is a small economy, and does not benefit from the highly interconnected economy typical of an Italian district with large numbers of interdependent businesses operating within an industrial specialism. However, if the local offer is good enough, and if it addresses specialist markets or functions, then there will always be a lucrative, successful niche or niches to occupy.

The main thrust is that Stirling’s locational advantage, quality of place, housing, education and residential population, will attract people away from other areas in Scotland developing at a lower rate. This general approach to economic development has most commonly been found to date in the south east of England, where several smaller cities and freestanding towns are content to benefit from the ‘outwash’ effect of London’s growth. Whilst Stirling is well placed to adopt the same attitude with respect to Edinburgh and Glasgow, there remain significant questions about whether the scale and depth of economic development across central Scotland is (yet) enough to make this a realistic alternative to more proactive interventionist approaches.

Advantages

- Local skills and place making interventions are universally regarded as a baseline for any competitive region. Stirling’s working age population is highly qualified, Further and Higher Education provision is strong and major regeneration and infrastructure developments should deliver major economic, social and environmental benefits to the city.
- Businesses don’t recognise boundaries – best to let the market decide.
- Currently receiving reasonably large share of national infrastructure investment – could give Stirling an advantage in concentrating on developing quality of place.
- Attractive strategy for the risk averse – unlikely to makes things worse!

Disadvantages

- The local offer may not be good enough to compete.
- Does not develop strategic capacity amongst stakeholders.
- Risk of losing out to other areas that do not take ‘laissez-faire’ approach.
- Not necessarily low risk – area could lose its economic base without intervention, leading to loss of vitality, low pay economy etc.
- Doesn’t address market failures.
- Might not be seen as ‘pro-business’ – for example inward investors might be looking for an area with a clear strategy and pro-active approach.
- Doesn’t give out message of confidence in the area’s offer.

Level of Stakeholder Support

Although a relatively low risk strategy, stakeholders did not see this as a desirable option as it was viewed as insufficiently pro-active and could leave Stirling open to ‘losing out’ to other areas.

Option Two: ‘Hitch Your Wagon’ – Full Participation in A Single City Regional Economy

An alternative approach for relatively small places with distinctive key strengths is to engage fully in the development strategies of one or more regions. Although this approach is similar to ‘do nothing’ in that it identifies particular niche specialisms that are competitive in a wider market, it is fundamentally different in that these activities are identified as significant at the regional (or indeed, national level), with planning for their development explicitly recognising wider regional demands. This is a common strategy for smaller places in close proximity to major city regions, especially those (similar to Stirling) that have particular strengths in high value sectors such as higher education, tourism and specialist business services that the larger neighbour lacks.

Of the case study locations examined in the process of compiling this report, Durham provides the clearest example of this approach in practice. Like Stirling, Durham is a small, prosperous university city between two city regions – Tyne and Wear, focused on Newcastle and Sunderland, which has been the subject of intensive, culture-led regeneration over recent years, and the Tees Valley, which comprises the conurbation focused on Stockton and Middlesbrough. There are also close parallels in the way in which Durham has sought to capitalise on its university’s reputation for excellence, and the focus on renewal and improvement of historic townscapes including the cathedral/castle area and city centre. Aware of its relatively small size compared to its

neighbouring conurbations, however, Durham's strategy has focused on promoting the city as a 'boutique' centre for residential, leisure/consumption and small business development, as part of the wider offer of the Tyneside region.

Advantages

- The most successful places are able to 'borrow size' from their larger neighbours, increasing the market catchment for their specialist services so that they can compete in higher value niches.
- The Government / Scottish Enterprise focus on the larger city regions as drivers of growth brings promises of increased investment and support for these areas.
- There would be benefits of being aligned with Glasgow or Edinburgh as they are internationally recognised brands.
- Only small parts of the economy (niche industries) would be 'hitched', so allows area to retain control.
- Can Stirling afford not to - could there be risks of not hitching your wagon?

Disadvantages

- The potential downside of this approach is a loss of strategic control over economic development to regional or national agencies and interests.
- Unless the identified niches are genuinely unique to Stirling in the wider central Scotland regional context, there remains the danger that over time, functions are centralised in larger groupings as they are able to mobilise their critical mass to improve their competitive position (this has been a clear concern in Yorkshire, given Leeds' dominance in several sectors, including business services).
- Would need to work hard to make sure that Stirling's niches stay an important part of region's economy and to promote Stirling's strengths to wider region.
- Risk in bigger region of investment and resources being concentrated in centre – although resource 'pull' of wider region would be greater, Stirling's share may be smaller.
- Stirling could just be 'on the edge'. Danger of becoming a dormitory/commuter town to core city.
- Potential loss of local identity?
- Difficulties of 'hitching' – e.g. planning system could exclude Stirling from city regions.
- Larger city regions may not want to engage with Stirling.

- Stirling is already affected by what happens in several city regions – not feasible to pick one.

A variant of this approach is to actively engage with more than one regional planning structure. At one level, this would seem potentially worthwhile for Stirling, given its location in close proximity to both Glasgow and Edinburgh, and the momentum behind the collaboration initiative between the two larger cities. However, the problems of maintaining decision making autonomy present in any engagement strategy are multiplied in this scenario, with potentially severe difficulties for local decision makers in retaining control over key decisions given the sheer relative size of any combined central Scotland economic strategies.

Level of Stakeholder Support

This was not seen as a desirable option, leaving Stirling open to a loss of strategic control and the risk of ending up ‘on the edge’. This is compounded by the very real possibility that other city regions may not want to engage with Stirling.

Option Three: ‘Cherry Picking’ – Pragmatic Participation in Particular Regional Initiatives

A middle way between the ‘do nothing’ and full engagement strategies is to pursue selective active engagement with outside strategies and initiatives where there are clear mutual potential competitive advantages for Stirling and its partner city region(s). There are several active examples of this elsewhere in the UK, including the case study location of Doncaster. A large former industrial town lying near the centre of one of England’s largest regions -Yorkshire and the Humber – Doncaster has adopted a strategy of ‘cherry picking’ economic development opportunities that provide scope to generate local activity closely allied with key sectors active in the surrounding cities of Leeds, York, Hull and Sheffield. Specific examples include the further education sector, given the focus on the university sector in the other cities, and bulk chemicals and chemical engineering to capitalise on the so-called ‘Humber Bundle’ of port-related industries.

Advantages

- Limiting participation in wider strategies to specific projects with clear links to Stirling’s key sectors minimises the risks of losing control over economic development, yet brings the possibility of borrowing size from larger places as appropriate.
- It is a clear strategy – ‘sets out stall’ for area.

- This approach also has the advantage that Stirling's location at the edge of the housing and labour markets of two large city regions can be actively used to encourage overspill in terms of population and employment, especially family housing and administrative employment forced out of Glasgow and Edinburgh by high overheads.
- This enables Stirling to support several of the priority industries e.g. with SMI it could make a contribution to the life science priority. However, this is not the same as life science being a Stirling priority industry. There are also opportunities to make a contribution to construction, forestry and potentially energy (biomass etc.).
- Flexibility of approach – can be changed as markets and policies change.
- Allows focus on industries consistent with own strategy/policy objectives.
- Less risk of becoming dormitory economy.

Disadvantages

- This approach is not risk-free. 'Picking winners' does not guarantee success, even if the risk is shared across more than one participating area.
- Other regional interests might rally against this kind of cherry picking approach, precisely because it is based on identifying the kind of high value, attractive sectors that most places would wish to have as an important part of their local economy.
- Arguments over the planning of development for attractive new sectors, such as the digital and creative industries, biomedical research and financial services, lie behind the failure of many regional economic development initiatives, since the constituent localities often (usually) find it difficult to agree amongst themselves who should 'win' most of the investment. Only if there is genuine and distinctive local competitive advantage (such as the region's only ancient university and historic urban tourism site in the case of Durham) can this conflict be avoided.
- Risk of resentment and other areas working to deny you resources if successful.
- Could niche industries be lost to larger city region – e.g. sports science?
- In reality, the cherries pick you – and Stirling can only offer limited incentives compared to larger cities.
- Don't only need to pick winners, but need to hold on to them – difficult when many desirable industries are increasingly mobile.
- Need to work hard to build and maintain relationships and market message.

Level of Stakeholder Support

This was the most favoured of the four options presented at the workshop. It was seen as a flexible approach that would enable Stirling to play to its strengths and maximise the benefits of any collaborative working.

Option Four: 'Go It Alone'- Build on Your Own Assets

Analysis of Stirling's industry structure shows that it is substantially different to those of both the Glasgow and Edinburgh City Regions despite its relative proximity to them. This level of differentiation means that it is possible to exploit Stirling's specific strengths assets beyond focus on a small number of specific industries to develop a diversified economy including both public and private sector office and business service activities and other firms and occupations (e.g. skilled trades) that most obviously benefit from access to both Glasgow and Edinburgh. In other words, no matter how Scottish Enterprise's regional plans, and the Glasgow-Edinburgh collaboration initiative develop, by actively diversifying from its current strengths, Stirling could mark out its own specialist economic territory, competing on several specialisations. This could involve:

- Capitalising on existing key sectors such as tourism (e.g. prioritising the national park and the City itself) and retailing (e.g. prioritising retail development) have clear potential to enhance Stirling as a business and tourist destination;
- Prioritising higher value business services through local place development can generate higher paid employment opportunities.
- Assisting the growth and development of the University.
- Exploring niche development opportunities to underpin longer term economic development e.g. environmentally driven projects and sport.

An important example of this approach is that of Warrington, a large free-standing town located almost exactly halfway between Liverpool and Manchester. Since its designation as an expanded town (essentially a new town built around a smaller existing settlement) in the 1960s, Warrington has developed strongly, attracting both growth in its traditional engineering-based activities, and also business services, especially back office functions seeking a lower cost base than Liverpool or Manchester city centres. The town fiercely guards its economic and administrative independence, and was one of the first (and most vociferous) councils in England to fight for, and attain, unitary status. It has also invested significant effort and resources in supporting particular sectors in which it has a competitive advantage, including

specialist engineering and manufacturing, and telecommunications. This, together with a marketing strategy that highlights the town's location between two large metropolitan areas, and excellent accessibility, mean it is a clear example of "Go it alone" in action.

Advantages

- A strong, locally centred development strategy maximises the buy-in from local stakeholders, and the accountability of local planners.
- Success delivers a highly diversified economy providing a wide variety of business and employment opportunities, with the potential to create a virtuous circle of growth.
- Most attractive to local politicians.
- More resources to support local rural economy that might be neglected in other options.
- Total control over policy, and capture all the benefits if successful.
- Potentially offers a stronger local identity?

Disadvantages

- A strong, positive interventionist stance exposes Stirling to the risks of (not) picking winners even more immediately than cherry picking, since the risks of failure will usually not be shared across more than one participating area.
- Spreading the jam too thinly across several sectors risks tokenism and missing larger, more strategic opportunities offered by concentration in particular sectors.
- Some of its apparent 'industrial strengths' (e.g. financial services and life sciences) are single companies and whilst offering potential are also vulnerable.
- May lack the capacity to respond to business needs for expansion (e.g. lack of premises).
- Stirling lacks resources to deliver effectively on its own – won't meet aspirations.
- Danger of insularity.
- Loss of value from strategic partnerships with other areas/agencies.
- High risk – most industries are of limited scale, often based on single firms.

Level of Stakeholder Support

This was not seen as a realistic option, with its inherent dangers of 'getting it wrong' and insularity. Overall this was viewed as too high risk.

Other Options

On the back of the discussion within the workshop there were two additional options suggested.

Option 5: 'Build Your Own' – Identify Your Own Area of Operation

This option suggests that the most appropriate way forward is to identify and operate with a set of geographic boundaries chosen by Stirling. This could be a 'Forth Valley' Region that included Falkirk and Clackmannanshire or could include Perth. This is reminiscent of the approach adopted by the case study location of Warwick, which has subtly positioned itself as a 'bridge' between the West Midlands conurbation and the set of freestanding towns to the south, from nearby Leamington Spa and Stratford Upon Avon to Bicester and Oxford. This strategy – although nascent – builds on specialist strengths shared by this set of towns and cities, including tourism, higher education and the cultural industries.

Advantages

- Benefits of 'going it alone' but on a larger scale, in partnership with neighbouring areas.

Disadvantages

- Need to find willing partners and build good relationships
- Problem of competition between partners for inward investment etc.
- 'Second best' to participating in larger city region

Level of Stakeholder Support

Although it has obvious attractions in terms of choosing who you work with, it was not considered a realistic option as it would be difficult to identify the most appropriate partners and in essence is 'second best' to participation in a city region, which is also considered untenable.

Option 6: 'Cherry Picking Today, Go It Alone Tomorrow'

This option is a combination of Options 3 and 4, where 'cherry picking' in areas of clear mutual competitive advantage for Stirling and its partners regions is undertaken for the time being, but is carried out with a clear aspiration that in the future Stirling desires to 'go it alone', marking out and competing on its own specialisms. An example of this approach in practice is Loughborough, a freestanding town in the English East Midlands, located in the centre of the Derby – Nottingham – Leicester

triangle. Loughborough is also similar to Stirling in that it has a modern university, with special focus on excellence in sport.

Whilst regional strategies identify broad key economic sectors that are likely to drive forward the region's future economic growth, Loughborough's local level strategies focus more closely on links to the university, especially in creative industries and sport, and in building up the town's service sector, especially in retailing, rather than the more generic regional priorities of healthcare and transport/logistics. Recognising competition from larger surrounding places, Loughborough has chosen to "Grow its own" key sectors after an earlier cherry picking phase, by pursuing a strategy based on building on strengths complimenting the wider regional economy.

Level of Stakeholder Support

This option was considered realistic by some partners who want to use it to build up the local economy with the eventual aim of being able to go it alone.

Summary of Key Points

Background

- Stages one and two of the research were analysed through a series of internal workshops and four options were scoped out for presentation to a workshop attended by Steering Group members and invited stakeholders.
- These options were supported by illustrations from a number of medium sized freestanding towns/cities in England which occupy similar positions at the interface of two or more city regions' spheres of influence.
- Whilst cases studies are undeniably informative, successful economic development is place specific and dependent upon the extent to which partners charged with managing Stirling's economic development can take account of local circumstances to ensure the effective delivery of agreed approaches.
- The purpose of the workshop was to interrogate the various options with a view to reducing the number and possibly deciding on the preferred option or options.

Potential Collaborative Strategies for Stirling

- Strategic options for locations with a complex surrounding economic geography range from 'do nothing' to active engagement in city or regional collaboration strategies.
- The four options presented at the workshop were:

- Option One: ‘Go with the Flow’ – Let the Market Decide. This suggests that Stirling’s locational advantage, quality of place, housing and residential population will attract people away from other areas. Although low risk, stakeholders did not see this as a desirable option as it was viewed as insufficiently pro-active and could lead to Stirling ‘losing out’.
- Option Two: ‘Hitch Your Wagon’ – Full Participation in A Single City Regional Economy. This approach identifies particular niche specialisms that are significant at the regional (or national) level. This was not seen as desirable as it could expose Stirling to a potential loss of strategic control and a risk of ending up ‘on the edge’. Other city regions may also have no desire to engage.
- Option Three: ‘Cherry Picking’ – Pragmatic Participation in a Particular Regional Initiative. This is a middle way that pursues selective engagement where there are clear mutual competitive advantages. Although not risk free, as ‘picking winners’ does not guarantee success, this was the most favoured option by stakeholders. It is viewed as a flexible approach that allows Stirling to play to its strengths and maximise the benefits of collaborative working.
- Option Four: ‘Go It Alone’ – Build on Your Own Assets. This approach relies on the development of a diversified economy, competing on several specialisations. This was not seen as a realistic option, with its inherent high risk dangers of ‘getting it wrong’ and insularity.
- Two further options were suggested on the back of the discussions
 - Option Five: ‘Build Your Own’ – Identify Your Own Area of Operation. This option is based around Stirling’s identification of a set of geographic boundaries in which to operate, for example, a ‘Forth Valley’ Region. Although there are obvious attractions in making your own choice, appropriate partners can be hard to identify and in essence is ‘second best’ to participation in a city region.
 - Option Six: ‘Cherry Picking Today, Go It Alone Tomorrow’. This option is a combination of Options Three and Four, that looks at building up the local economy through ‘cherry picking’ with the eventual aim of going it alone. This was considered realistic by some partners.

Figure 4.1, provides a summary of the options and indicates the level support that these approaches received from key stakeholders at the workshop.

Figure 4.1: Summary of Potential Collaborative Strategies for Stirling

Option for Stirling	Policy Summary	Comparator Cities Adopting Approach	Stakeholder Support
1. 'Go with the flow'	Minimal intervention; policy focus on supply side (property, public realm)	Small cities in south east England e.g. St Albans, Tonbridge, High Wycombe	Low
2. 'Hitch Your Wagon'	Full engagement and participation in a single city region economy	Durham (linked to Tyneside)	Low
3. 'Cherry Picking'	Pragmatic participation is particular regional initiatives	Doncaster (choosing as appropriate from Yorkshire and Humber projects)	High
4. 'Go it Alone'	Fully endogenous approach to growing and developing local economic assets	Warrington	Low
5. 'Build Your Own'	Identify a wider geographic area with shared assets / strengths to develop new policy approaches	Warwick (linked south to Oxford / Bicester / Leamington)	Low
6. 'Cherry picking today, go it alone tomorrow'	Phase approach moving from pragmatism to more active, independent policy stance	Loughborough (building on past participation in East Midlands strategies and projects)	High

5. CONCLUSIONS AND RECOMMENDATIONS

Background

This research set out to identify the key industrial/business sectors critical to providing a sustainable economy for Stirling and to develop an informed positioning of Stirling within metropolitan Scotland, exploring its linkages to other economies. The conclusions drawn from the research and the more specific recommendations flowing from them are outlined below. The two sections are organised under the sub-headings of the key aspects of the research:

- The changing policy context;
- The business domain;
- The people domain;
- The project domain;
- Positioning Stirling.

Conclusions

The Changing Policy Context

1. Stirling occupies a critical location in the Scottish urban system, heavily influenced by the city regions of Glasgow to the southwest, Edinburgh to the southeast and Dundee to the northeast. Therefore a growing and sustainable economic base is essential for Stirling and the Scottish economy more widely.
2. The changing strategic imperatives of the new administration and consequent changes to the institutional make up of the economic development landscape in Scotland have important implications for Stirling. Although it is too early to be precise about implications it is likely that there will be a higher level of local control (to deliver economic development support within a stronger national framework), although not necessarily with a higher level of resources.

The Business Domain

3. The ten largest industrial sectors employ 80% of Stirling's employees, with the largest sectors in terms of employment being health/social work, then retail, higher education, public administration and defence, hotels and restaurants, other business activities, construction, insurance and pension funding, wholesale trade and recreational, cultural and sporting activities.
4. Although location quotient analysis for Stirling identifies six potential 'industrial' specialisms – namely public sector activity, tourism, retailing,

forestry and forest products, construction and business and management consulting – the evidence from the overall review of the business domain concluded Stirling has few ‘industrial strengths’. More importantly, some of its apparent strengths are the activities of single companies, so caution needs to be exercised as these cannot be relied upon to deliver expansive growth.

5. The two key exceptions to this are tourism/retailing and higher value business services.
6. The incidence of self-employment and business start up is significantly higher in the Stirling Council area than in Scotland as a whole.
7. The main growth sectors are business services, public administration, education, retail, hotels/restaurants. These top five sectors have all out-performed growth at the national level.
8. Although a mapping study identified the environmental sector to be important in Stirling, with 50 organisations believed to be employing more than 1,000 people, the data does not suggest robust evidence of a ‘cluster’.
9. In terms of its relationships to Glasgow and Edinburgh, Stirling plays a diversification role. Its specialisms are generally different to those of the other local economies and there are no self-evident strong synergies between them and those of the Glasgow and Edinburgh City Regions.
10. There are some complementarities (and therefore possible flows) around the hotel/tourist industry, construction and life insurance and a clear locational advantage for the growth of business and other office based sectors.

The People Domain

11. The supply of highly qualified labour is a key place asset for Stirling and can act as the basis of its competitive advantage, attracting inward investors, enhancing and promoting indigenous growth and facilitating business start-up.
12. Stirling is well served in terms of college and university level education by Stirling University and Forth Valley College; a strong asset in terms of attracting (and sustaining) individuals and business.

13. The labour market is quite self-contained, with almost two thirds of those working within the Stirling Council area living locally.

14. The strongest labour market links are with the Glasgow City Region.

The Project Domain

15. Significant uplift in the finance available for capital projects to the previous Scottish Executive in recent years has seen significant investment in public capital projects around energy, education, health, roads, railways, water and specific Priority Geographic Areas. Due to its location at the edge of several city regions, Stirling and its local economy are affected significantly by major investments inside its boundary and by those in adjacent areas.

16. There is a danger that major projects outside Stirling may ‘crowd out’ other smaller projects, decrease Stirling’s relative accessibility given the improved east-west connection and offer attractive alternatives for inward investors.

17. The benefits to Stirling flowing from the major projects happening within its own local authority and vicinity are primarily around infrastructure developments that facilitate movement internally and make better connections within the Edinburgh/Glasgow city regions, and new development and regeneration activities that improve the quality of life and place for residents and businesses.

18. Potential wider impacts from major internal projects are primarily around easing congestion, opening up new development opportunities, improving transport links and raising the profile of Stirling as a regional service centre.

Positioning Stirling

19. Each of the potential strategies outlined at the workshop brings with it a distinctive set of risks and opportunities. These relate not only to the relative success of each approach in terms of its impact on the local economy, but also in terms of the reputational risks and rewards for the partners involved in leading Stirling’s future development.

20. The workshop identified a consensus that Stirling would most likely succeed by adopting Option 3 ‘Cherry Picking’ as a first phase of development. Some partners had an aspiration that the identified activities and sectors would

become sufficiently embedded in the area to be sustainable for the long term through a detailed, proactive strategy of growing Stirling's own distinctive competences and specialisms i.e. aspiring to Option 6 'Cherry Picking Today, Go It Alone Tomorrow'.

Figure 5.1 summarises the key points from these conclusions into a SWOT.

Figure 5.1: SWOT

<p>Strengths</p> <ul style="list-style-type: none"> • Critical location in Scottish Urban system. • Tourism/retailing and high value business services are potential 'industrial specialisms'. • Self-employment and business start up significantly higher in Stirling than Scotland average. • Five main industrial sectors in Stirling (business services, public administration, education, retail and hotels/restaurants) have outperformed growth at national level. • Clear locational advantage for growth of business and other office based sectors. • Supply of high quality labour can act as basis to attract inward investors, enhance and promote indigenous growth and facilitate business start-up. • College and university provision is a strong asset in attracting (and sustaining) individuals and businesses. • Quality of life is high for individuals and businesses. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Overall review of business domain concludes Stirling has few clear 'industrial strengths'. • Some apparent strengths are the activities of single companies. • Although environmental sector has been identified as important – data does not suggest evidence of a 'cluster'. • Significant reliance on public sector activity amongst ten largest industrial sectors – does not offer long-term growth potential.
<p>Opportunities</p> <ul style="list-style-type: none"> • Changing strategic imperatives of new administration/ changes to institutional make up - likely higher level of local control. • Stirling's specialisms are different to Edinburgh and Glasgow City Regions – plays a diversification role. • Some complementarities with other city regions around hotel/tourist industry, construction and life insurance. • The impacts of major internal projects should help to ease congestion, open up new development opportunities, improve transport links and raise profile of Stirling as a regional service centre. • Implementation of the 'Cherry Picking' option – with aspiration to 'Go it Alone Tomorrow' through detailed, proactive strategy of growth of distinctive competencies and specialisms. 	<p>Threats</p> <ul style="list-style-type: none"> • Changing strategic imperatives of new administration/ changes to institutional make up – no guarantee of higher level of resources. • Danger that major projects in other city regions may 'crowd out' smaller projects. • Stirling's relative competitiveness may decrease as result of improved east-west connections offering attractive alternatives for inward investors.

Recommendations

The Changing Policy Context

1. Partners need to be ready and willing to expand and enhance the economic development effort in Stirling through the new local structures.
2. Partners also need to think clearly about how their chosen route to economic development and growth will contribute to the key driver of over-arching growth for Scotland, through a 'whole-government' approach to delivering the Government's national Economic Strategy.
3. Given the complex functional governance arrangements that exist in relation to economic development and health, partners must ensure that they are fully informed and tooled up to deal with the implications of decisions made outwith Stirling that may impact on the effectiveness and priorities of partners' plans.

The Business Domain

4. There needs to be recognition that business development activities, rather than sector or industrial development per se are important.
5. Stirling should look to support several of the priority industries, most obviously construction, forestry and potentially energy (biomass).
6. Stirling should exploit its specific assets outwith an industry focus, most obviously around the University (along with SUIP).
7. With tourism Stirling needs to contribute effectively to the SE Tourism Industry Strategy, prioritising both activities via the national park and also Stirling City with an improved offering of retail and other tourism related services.
8. There needs to be greater recognition of the importance of high value business services and a review of their support requirements.
9. It is best to conceptualise environmental issues as a driver of change, both imposing costs and creating market opportunities.

10. Stirling should use its central location (and residential and quality of life assets) to develop a more diversified economy.
11. There needs to be a greater exploration of niche development opportunities that could underpin longer term economic development, potentially around sports, the environment, science (through SUIP). The university may have a key role to play here.
12. The local authority and its partners could support local development through procurement opportunities that would enable SMEs to compete more effectively.
13. Scottish Enterprise is likely to expand its support for growth businesses and partners need to ensure that they are fully informed about any developments and are in a position to respond.

The People Domain

14. The highly educated and skilled workforce is potentially very attractive to inward investors, offers clear possibilities for indigenous business growth and a potential pool of entrepreneurs for business start-up. There should be a concerted effort to build on these assets, especially in terms of 'selling' Stirling's location externally.
15. A more targeted approach to inward investment could bring more high value businesses into the locality to generate more local opportunities for higher skilled residents.
16. There remains a significant number of people claiming DWP out of work benefits who are now less attractive than at times when the nature of inward investment was predominantly semi-skilled assembly work. Partners need to work hard to engage with the 'hardest to help' to get them appropriately skilled up and ready for work.
17. The high quality labour presents a significant opportunity to raise Stirling's already disproportionately high self employment and business start-up rate. Access to a comprehensive package of advice, guidance and appropriate support needs to be available locally.

18. A greater emphasis on workforce development to upskill unemployed people once in work could help to lift the skills set across the Stirling economy and add value to the jobs base.

The Project Domain

19. Stirling needs to work hard to ensure that it captures value from anything that provides a boost to central Scotland overall, as the potential benefits flowing to Stirling from major projects happening elsewhere are likely to be relatively small scale.
20. Partners therefore need to influence national policy to ensure that these are effectively aligned with local priorities, and that Stirling is not placed at competitive disadvantage compared to other locations. Of particular importance here is the need to ensure that current Scottish Government commitments to infrastructure investment – especially in roads and railways – are kept and delivered to time, and that the refreshed National Planning Framework acknowledges and supports Stirling.

Positioning Stirling

21. In order to move forward in the first instance with a ‘Cherry Picking’ approach, building on the recommendations outlined previously, there are a range of more specific activities that should be considered.
22. Partners need to ensure that they are fully aware of the potential opportunities that exist in the Edinburgh and Glasgow (and to a lesser extent, Dundee) city regions, and be clear about the partnerships and mechanisms with which they will respond when they arise.
23. This may require a review of what is known and understood in terms of the existing ‘state of play’ in a number of areas, for example robust research evidence around the demand and supply of appropriate commercial property or the full impact of the potential of the ways in which Stirling could most effectively exploit its locational advantage to effectively serve markets to both east and west.
24. The partners need to manage and develop critical local assets, such as the university, historic/tourist townscapes and prime residential environments to

ensure that the Stirling Council area maintains and enhances its current competitive advantages.

25. To exploit the Cherry Picking approach effectively, partners also need to be more proactive in developing new opportunities. Stirling's potential in sports linked to the Commonwealth Games is just one example where there is a window of opportunity to take action taken just now that could reap rewards in the future.
26. To achieve this, learning journeys, perhaps to one or more of the case study locations addressed in this report, would be of value.