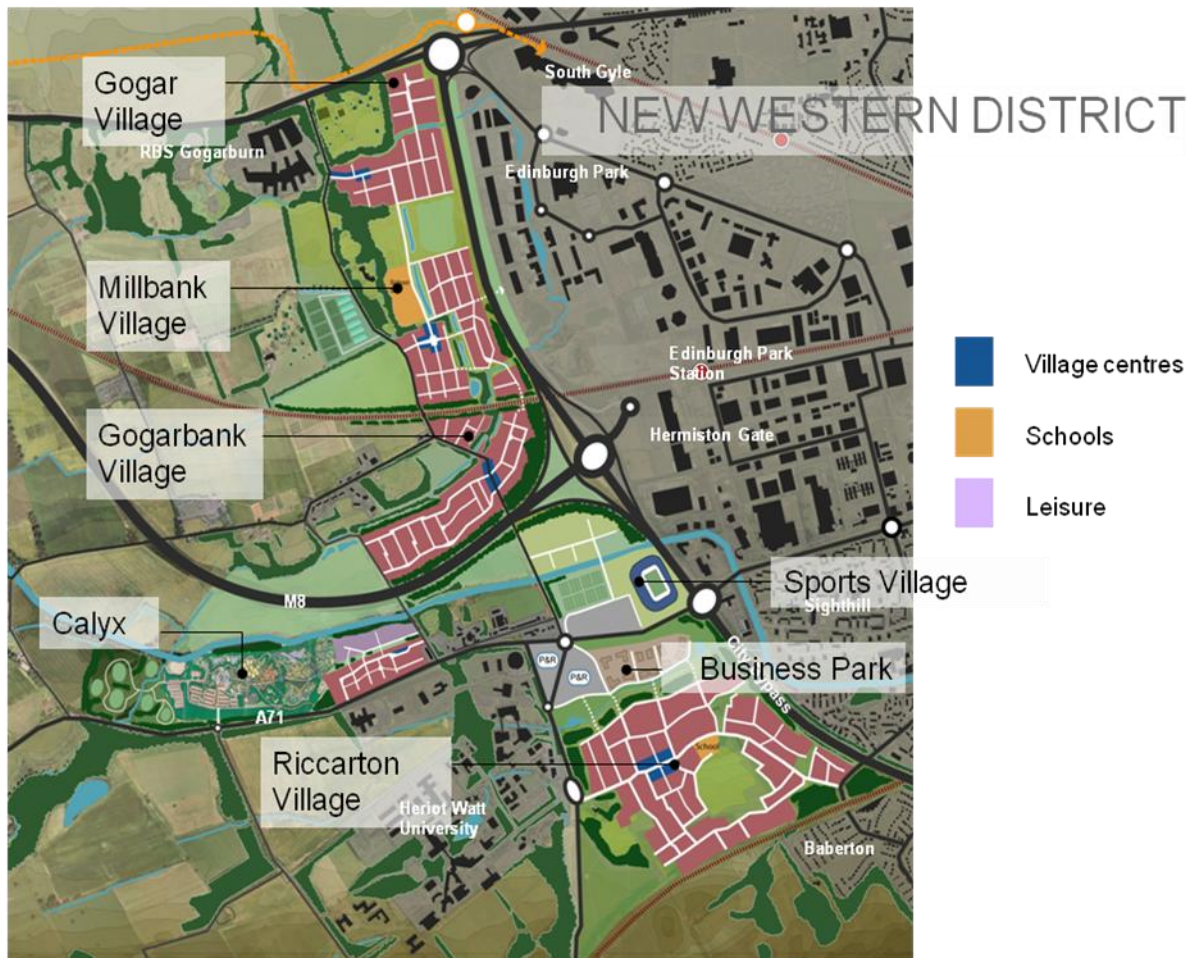


# WEST EDINBURGH DEVELOPMENTS

## Socioeconomic and Impact Analysis

### Murray Estates



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## Executive Summary

DTZ was commissioned to develop the socioeconomic case that Murray Estates are promoting for a series of major developments in West Edinburgh. This includes proposals for residential housing units, neighbourhood centres, associated community services, visitor and leisure attractions, a sports hub, business space and roads and infrastructure improvements.

DTZ's work involved providing a socioeconomic analysis for the local area that considered its inherent socioeconomic strengths and weaknesses as well as possible opportunity and threats that it may face, and an economic impact assessment of the development.

### Project rationale and description

The West Edinburgh Planning Framework (Scottish Government, 2008)<sup>1</sup> continues this support for West Edinburgh as being an area of nationally important significance, particularly in helping to achieve increasing sustainable economic growth, an overarching objective of the Scottish Government, given its importance as a 'gateway' to Scotland and being a key economic asset.

Key objectives of the Framework include:

- safeguarding and nurturing the area's competitive advantage over the long term;
- investment in a more efficient, effective and sustainable transport system;
- incorporation of the most sustainable and high quality building principles and practices; and
- improving the general level of amenity for the communities.

Murray Estates's proposed plans for West Edinburgh are designed to support this Framework by bringing:

- quality housing to the area to help to support sustainable employment growth;
- new community amenities to service the area and make it a more attractive place to live and work;
- enhancements to the tourism and leisure offer, a priority sector and of significant importance to the Edinburgh economy; and
- new, quality business space to cater for the market in the economic upturn.

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<sup>1</sup> <http://www.scotland.gov.uk/Resource/Doc/222655/0059965.pdf>



### **Socioeconomic analysis**

West Edinburgh remains a key strategic area for the Scottish economy and, despite the current economic downturn, will remain so as the economy recovers given its geographical location, transport links and connections with Scotland's two main city regions.

The area, however, does have a number of weaknesses that future development should address, particularly the large pockets of deprivation across a number of indicators that still exist, its relatively high level of unemployment and its dependency on a small number of large employers.

### **Economic impact assessment**

The estimated cost of the development is over £950 million over an 18-year period. The main impacts will be those generated by construction, operation and additional housing/people.

The project will sustain around 90 FTE jobs in Year 1 and this will increase steadily to reach approximately 650 jobs by Year 18, which it will maintain going forwards.

The long term net cumulative output impact will be just over £50 million a year and the long term Gross Value Added (GVA) impact will be around £26 million per year. This analysis refers to the Edinburgh city region area only.

These figures are based on estimates of actual size of the development, estimates of phasing and multipliers, displacement and leakage levels have been assumed using national averages. We have used a number of conservative assumptions to attempt to avoid 'optimism bias'.

### **Overall conclusions**

Besides the benefits in terms of increased employment, output and GVA in the area, the socioeconomic analysis suggests that there are other benefits that the development could bring.

- It could help to cater for the anticipated population increase in the region and the housing supply pressures that are likely to be created.
- It will help to regenerate the area, parts of which are acutely deprived.
- It will help to retain more income in the area.
- It will provide greater economic diversification for West Edinburgh at a time of significant economic uncertainty.

# 1. Introduction

DTZ was commissioned to develop the socioeconomic case that Murray Estates are promoting for a series of major developments in West Edinburgh. This includes proposals for residential housing units, neighbourhood centres, associated community services, visitor and leisure attractions, a sports hub, business space and roads and infrastructure improvements.

DTZ's work was in two stages.

1. **Socioeconomic baselining.** This involved looking at a range of socioeconomic indicators at a local level (for the West Edinburgh area) and comparing with regional and national benchmarks where possible and appropriate. This provided a socioeconomic analysis for the local area that considered its inherent socioeconomic strengths and weaknesses as well as possible opportunities and threats that it may face in the form of a SWOT analysis based on our socioeconomic work.
2. **Economic impact assessment.** This involved estimating the gross and then the net economic impact of the proposed development by considering the likely direct, indirect and induced impact of the development, taking into account local and national multipliers, leakage and displacement levels. In addition to the quantifiable economic indicators (output, employment, income and GVA), we provide a professional commentary on the potential non-quantifiable benefits that a development of this type may have. Any negative social impacts of the project should be stated, as well as ways in which these can be mitigated.

Finally, we listed the key socioeconomic indicators for those involved in the development to monitor in the future as well as the sources of this information.

## 1.1 Study method

Our methodology for calculating economic impact is based on the HM Treasury Green Book<sup>2</sup> guidance and Additionality guidance that has been developed for the UK Government and regional development agencies<sup>3</sup>. We calculate the gross and then the net economic impact of the proposed development by considering the likely direct, indirect and induced impact of the development, taking into account local and national multipliers and displacement levels.

The **gross economic impact** of the development is a measure of the total economic benefit generated and can be divided into the following elements.

- The jobs created through the construction of the development
- The additional incomes / expenditure attracted to the area by new employees
- The indirect jobs created through the purchases of supplies and services
- The induced jobs created by the wages and salaries of the direct and indirect jobs created.

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<sup>2</sup> HM Treasury, *Green Book: Appraisal and evaluation in central government*. London: TSO.

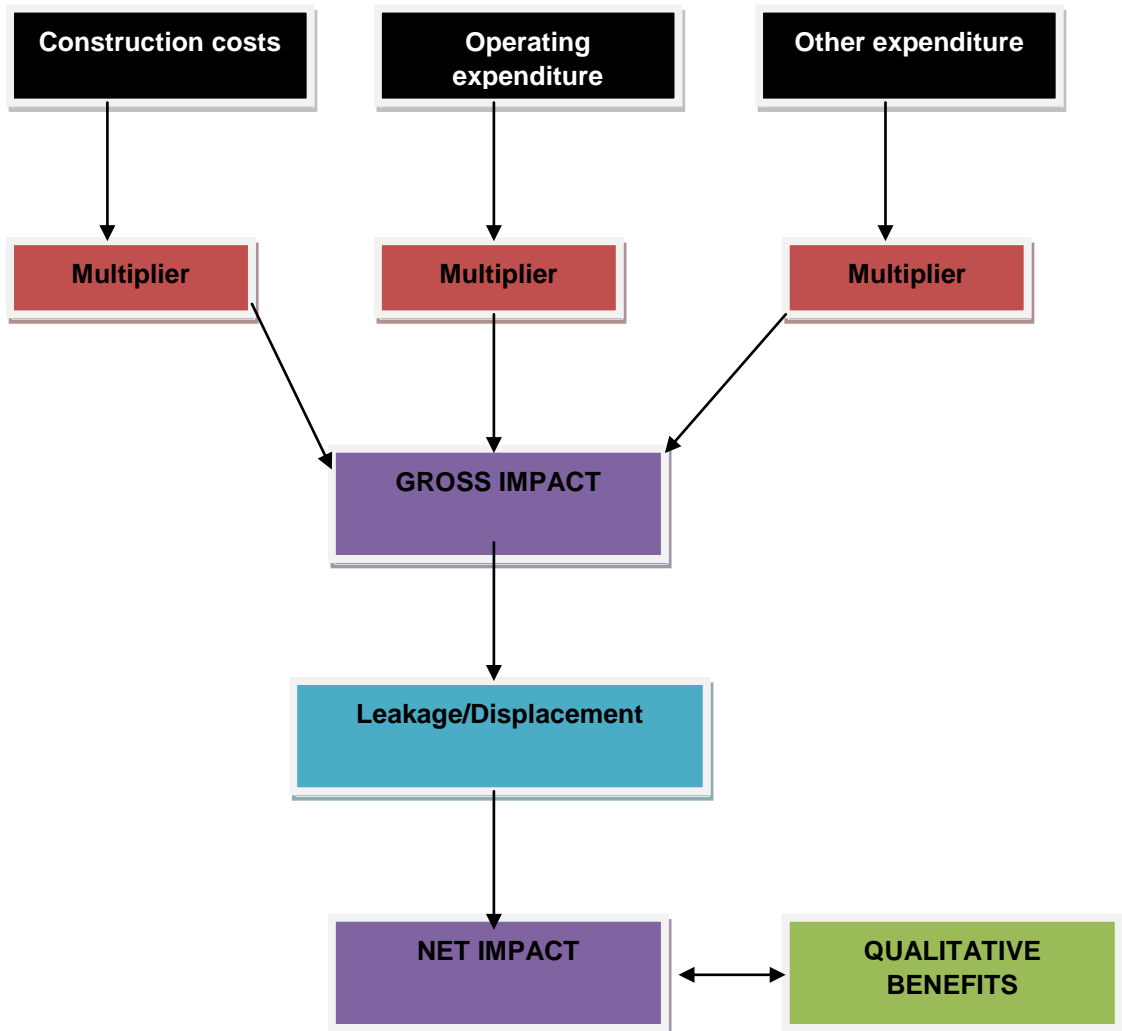
<sup>3</sup> English Partnerships, *Additionality Guide: a standard approach to assessing the additional impact of interventions*. Third edition. 2008.

The **net additional economic impact** takes account of a variety of factors to ensure that the proportion of the gross economic impact attributed to the development is not understated or overstated. Additionality takes account of a number of factors.

- **Leakage** – i.e. that part of the total economic benefit that ends up outside the region. This is informed by the local industrial profile, i.e. any impact occurring in sectors where there is no local representation will be lost, e.g. expenditure on supplies from suppliers outside the area.
- **Displacement** – i.e. loss of any activities that are in direct competition with the new development. For example, other developments that are competing for the space may not go ahead or may be reduced in size. This loss of income is offset against the final impact.
- **Deadweight** – i.e. impacts that would still have accrued regardless of the development. If there are competing developments, the new development may simply result in a redistribution of benefits away from alternative sites, therefore reducing the attributable local expenditure and employment impacts, i.e. new businesses may have arrived in the area, regardless of the new development.
- **Multipliers** – i.e. the impact that the new businesses, residents and employees have as they spend money in the area. Bespoke local multipliers will be derived from the analysis to determine the knock-on effects that the direct expenditure injection has throughout the economy. This process utilises the Office for National Statistics UK Input-Output tables, adjusted to take account of the local industrial profile and corrected for the issues highlighted above.

All economic impact assessments have a similar method, outlined below.

**Figure 1.1 Economic impact methodology**



The difference lies in how this information is calculated. At a high level, broad assumptions can be made about costs and expenditure, national average multipliers can be used and assumptions can be made about leakage, displacement, etc. based on Additionality Guidance.

At the more detailed level, we can breakdown costs and expenditure and use specific multipliers based on national Input-Output tables, adjusted for local factors. We can also undertake primary and secondary research to help to determine this as well as the size of any leakage or displacement effects. For example, we would look to build a detailed expenditure profile in this type of assessment.

High level impact assessments can be a valid approach, particularly where a project is being scoped. However, they are much less robust and reliable than detailed impact assessments. As this study is, at this stage, a scoping exercise, it follows the high level approach. More detailed work would be required to validate our estimates.



The remainder of this report is broken down as follows.

- **Section 2** deals with the rationale for the project and attempts to place it in the context of the wider regional property market.
- **Section 3** presents findings from the socioeconomic analysis and SWOT analysis.
- **Section 4** details the economic impact assessment.
- **Section 5** provides our overall conclusions.

## 2. Project rationale

West Edinburgh was an area identified by the then Scottish Executive, Scottish Enterprise (SE) and the City of Edinburgh Council (CEC) in 2003 as strategically important in economic, transport and environmental terms and, as such, a coordinated approach to planning in the area was required as in the national interest<sup>4</sup>. This was due to a number of factors including:

- The strength and importance of the Edinburgh economy to Scotland
- Links to the airport and road and rail routes that connect the area with other parts of the country
- The presence of key commercial sites, such as Gogarburn, Edinburgh Park, the Gyle
- The nature and scale of potential development opportunities
- Environmental considerations with the extent of Greenbelt land in the area.

The West Edinburgh Planning Framework (Scottish Government, 2008)<sup>5</sup> continues this support for West Edinburgh as being an area of nationally important significance, particularly in helping to achieve increasing sustainable economic growth, an overarching objective of the Scottish Government, given its importance as a 'gateway' to Scotland and being a key economic asset.

Key objectives of the Framework include:

- safeguarding and nurturing the area's competitive advantage over the long term;
- investment in a more efficient, effective and sustainable transport system;
- incorporation of the most sustainable and high quality building principles and practices; and
- improving the general level of amenity for the communities.

International Business Gateway (IBG) is further demonstration of the area's importance to the future development of the Scottish economy. IBG is a strategic reserve of land dedicated to international business development and situated to the West of the main City conurbation. It is set aside for the development of global, European or UK headquarters or accommodation supporting high-value corporate functions for internationally recognised organisations. Planning permission for development in this land will only be granted where applicants can demonstrate that the investment decision of the intended occupier is between the site and locations outwith Scotland. As well as meeting the occupancy criteria above, the development will require to be of high quality in design and specification, campus style and single user. Any proposed occupier will be required to provide a substantial number of additional new jobs rather than displacing employment from established businesses elsewhere in Scotland.

The Edinburgh Tram (due for operation in 2012) will link up the area, including the airport, with the City through fast, efficient and sustainable transport. This should further increase the strategic importance of the area.

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<sup>4</sup> West Edinburgh Planning Framework 2003.

<sup>5</sup> <http://www.scotland.gov.uk/Resource/Doc/222655/0059965.pdf>



Murray Estates’s proposed plans for West Edinburgh are designed to support this Framework by bringing:

- quality housing to the area to help to support sustainable employment growth;
- new community amenities to service the area and make it a more attractive place to live and work; and
- enhancements to the tourism and leisure offer, a priority sector and of significant importance to the Edinburgh economy.

## 2.1 Project description

A description of the various developments promoted by Murray Estates is provided below.

### 2.1.1 The new community

Residential housing units and neighbourhood centres would be part of creating a ‘new community’ in the area.

#### Housing

A total of 4,000 housing units is proposed for the area, 3,000 private market and 1,000 affordable, with a completion rate 200–300 units/annum. These developments would be in Gogar, Gogarbank and Riccarton. Development would begin in 2015 and be completed 2032.

There will also be planned infrastructure spend connected to this of around £75 million.

#### Neighbourhood centres

Proposals are for two neighbourhood centres (Riccarton and Gogarbank), with each comprising the following elements and phasing.

	Neighbourhood1	Neighbourhood 2
• 1,000 sqm food retail	2017	2021
• 600 sqm non food retail	2017	2021
• Pub/restaurant	2019	2021
• Community centre	2019	2021
• 2–stream primary school (800 places)	2019	2021
• Large scale grow centres (allotments)	2019 - 2024	

### 2.1.2 The Calyx and related leisure development

The Calyx is a proposed gardening based visitor centre of national significance, and its development will be accompanied by a number of associated leisure uses. Its target is to attract 250,000 visitors per annum. The elements of this development are summarised below.

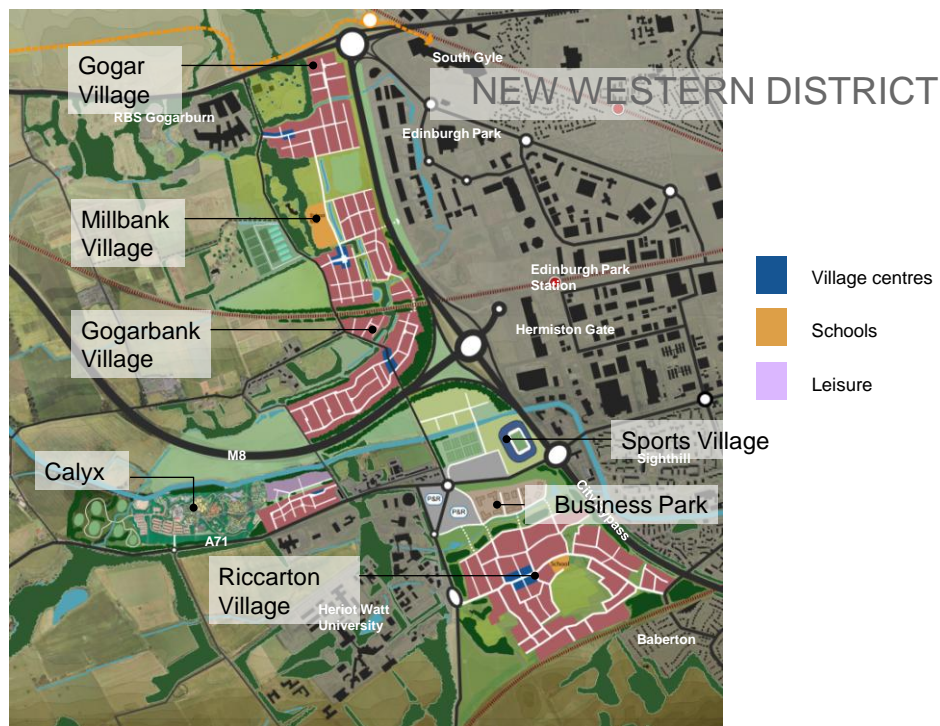
The Calyx:	2015 – 2018
Exhibition space	
Television studio	
Restaurants	
2 Hotels (a 3 star and a 4 star)	2016 – 2019
Large garden centre	2016 – 2017
50 berth tourist marina	2018 – 2020

### 2.1.3 The Sports Hub

There are also proposals for a 25,000 Seat Stadium for 2018 – 2021, with accompanying restaurants.

These plans are all summarised in the figure below.

**Figure 2.1 Illustration of Murray Estates proposed developments**



### **3. Socioeconomic analysis**

Below, we summarise the key socioeconomic data for West Edinburgh compared, where possible and appropriate, with regional and national benchmarks.

To undertake this work, we first of all had to agree on geographical boundaries for the area under consideration, in conjunction with Moray Estates.

#### **3.1 Geography**

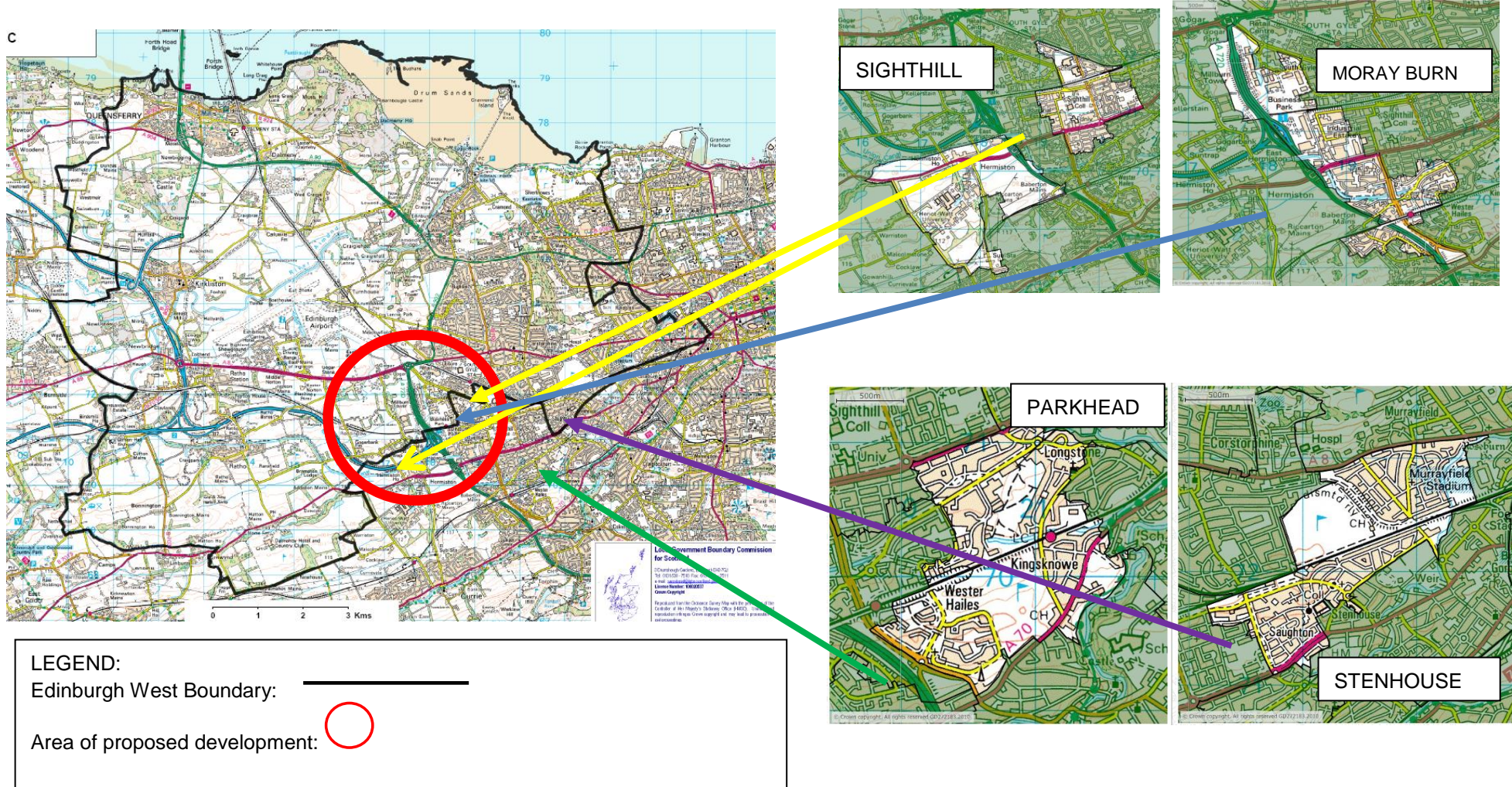
To facilitate the analysis, we agreed to use the geographical boundary of the parliamentary constituency of Edinburgh West. While this does not cover the entire catchment area of the proposed development, it does provide a readily available socioeconomic profile of the local area that the developments sit within. However, this boundary excludes a number of areas to within or adjacent to the development area that would also potentially benefit from the proposals. After discussion, we added the 2003 CAS wards of Sighthill, Moray Burn, Parkhead and Stenhouse to the area for analysis purposes.

To summarise, aggregate data for the following areas have been used in this socio-economic profile.

- Parliamentary constituency of Edinburgh West
- 2003 CAS Ward of Sighthill
- 2003 CAS Ward of Moray Burn
- 2003 CAS Ward of Parkhead
- 2003 CAS Ward of Stenhouse

This overall area is illustrated below.

**Figure 3.1 Parliamentary Constituency of Edinburgh West and Four 2003 CAS Wards**



## 3.2 Datasets

The type of information covered in this socioeconomic profile includes:

- population and population change, including future projections;
- employment by sector and occupation and employment trends and projections;
- structure of the business population; and
- unemployment and multiple deprivation (across the seven Scottish Index of Multiple Deprivation. SIMD, domains).

We have used a number of sources to access this data, including the following.

- General Registry Office for Scotland (GRoS)
- SIMD
- Scottish Neighbourhood Statistics (SNS)
- Annual Business Enquiry (ABI)
- SLIMS
- Cambridge Econometrics
- Relevant local authority reports

The output for this part of the work is a socioeconomic analysis for the local area that considers its inherent socioeconomic strengths and weaknesses as well as possible opportunities and threats that it may face. This will help to state the social inclusion and economic cases for the development.

## 3.3 Area profile

Below, we summarise some of the key aspects of West Edinburgh.

### **Box 3.1 West Edinburgh Area Profile**

#### **Area composition**

The Edinburgh West area that we have profiled includes all or part of eight multi-member Council wards: Almond; Drumbrae/Gyle; Corstorphine/Murrayfield; Forth; Pentland Hills; City Centre; Sighthill/Gorgie; Inverleith; and the four 2003 CAS wards of Sighthill, Moray Burn, Parkhead and Stenhouse.

#### **Key facts**

It is mainly a suburban residential area containing a mixture of areas, from wealthy areas such as Cramond and Corstorphine, to more more deprived areas such as Sighthill and Wester Hailes. The area is therefore paradoxical in terms of the varying needs of its wards.

Cramond, The Gyle Shopping Centre, Edinburgh Zoo, The Western General Hospital, Royal Highland Showground, Murrayfield Stadium and Edinburgh Airport all contribute to the constituency's place of importance within Edinburgh and its economy.

The west of the city has witnessed a major expansion in recent years with new housing and offices, including a major business park at South Gyle (Edinburgh Park) where many blue chip companies have relocated their corporate headquarters.

The Gyle Shopping Centre - housing 70 businesses and shops - and increases in traffic levels have made transport an issue on this side of the city.

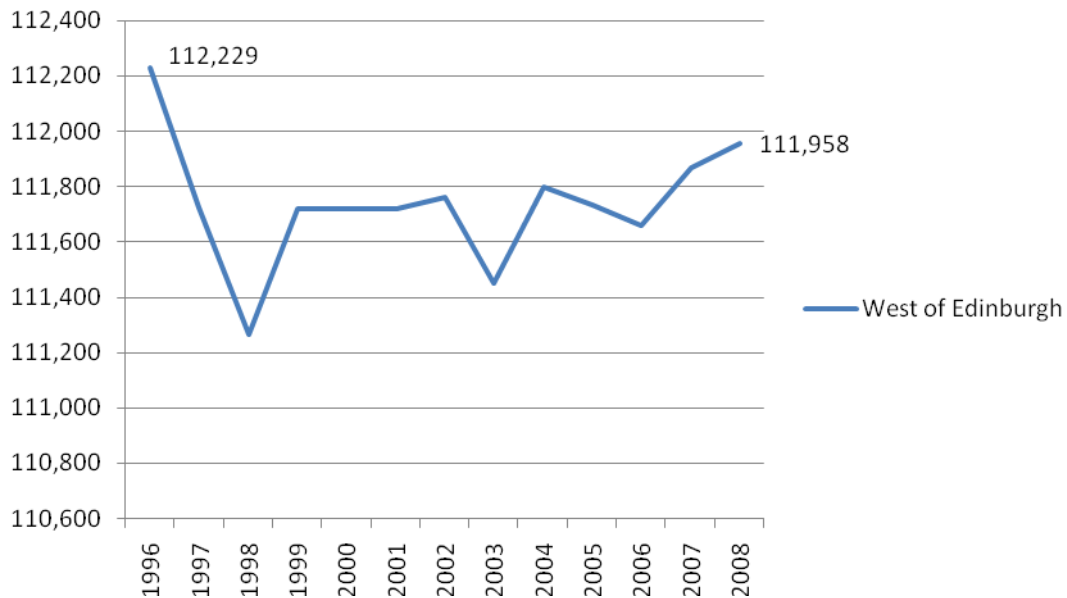
The Airport and Forth Rail Bridge mean that a large proportion of the access in and out of Edinburgh is conducted through the area.

### 3.4 Population trends and projections

#### 3.4.1 Regional and national context

Over the last three decades, the population of Edinburgh has grown moderately, at 5.6%. This is above the Scottish average rate of growth, which has remained relatively flat. Population figures for the West of Edinburgh are only available from the mid 1990s onwards (see Figure 3.1) and show a degree of fluctuation, but, overall, a relatively constant population usually between 111,000 and 112,000.

**Figure 3.2 Population changes in West Edinburgh, 1996 to 2008**



Source: General Registry Office for Scotland (GROS)

Table 3.1 provides a detailed summary of population for a shorter time period in Scotland, Edinburgh and the West of Edinburgh. All three areas have experienced modest growth over this time, but it has been more marked in Edinburgh City (5%) and Scotland as a whole (2%) than in West Edinburgh (0.2%).

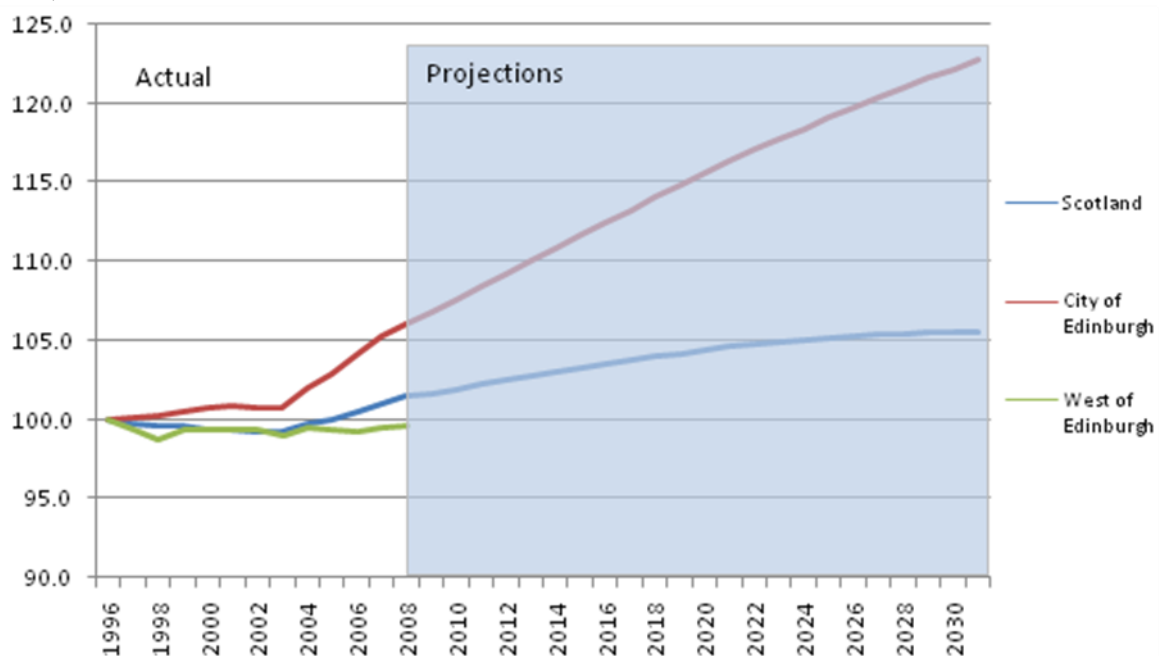
**Table 3.1 Area populations, 2001-2008**

	2001	2002	2003	2004	2005	2006	2007	2008
<b>Edinburgh West</b>	111,719	111,762	111,449	111,797	111,734	111,661	111,866	111,958
<b>Edinburgh City</b>	449,020	448,080	448,370	453,670	457,830	463,510	468,070	471,650
<b>Scotland</b>	5,064,200	5,054,800	5,057,400	5,078,400	5,094,800	5,116,900	5,144,200	5,168,500

Source: GRoS

Projected population estimates are positive for both Scotland and Edinburgh City (projections for the West of Edinburgh are not available). Over the 22-year period, the population of Scotland is expected to rise marginally, by 3.8%, while the population of Edinburgh is expected to experience high growth of 15.7% over the same period (see Figure 3.3). It would be reasonable to expect that West Edinburgh would share in this projected growth, especially given that this area features prominently in plans for the future expansion of Edinburgh. GROS's projections are the official view as to what is likely to happen to population growth based on existing trends, but it does not anticipate all possible changes, including sizeable new allocations for residential land in an area.

**Figure 3.3 Indexed population estimates and projections, national and regional, 1981-2031, 1996=100**



Source: General Registry Office for Scotland (GROS)

### 3.4.2 Business Stock: West Edinburgh

Business information is available from the ONS for 2009 at the parliamentary constituency level. Tables 3.3 to 3.5 provide summaries of the business stock in the Edinburgh West area.

By size, the area is characterised by a high proportion of small businesses with less than 5 employees. This is typical of Scotland as a whole, but Edinburgh West does have a higher overall proportion of smaller businesses. Conversely, the area also has a higher proportion of very large businesses (over 100 employees), which make up around 1.7% of the total business stock. This combination of very small and very large businesses reflects the presence of large employers such as the Royal Bank, and other smaller companies located in the business parks in the local area around the Gyle.

**Table 3.3 Number of VAT based businesses and/or PAYE based enterprises in 2009**

Employment Size	Edinburgh West		Scotland	
	Number	% of total	Number	% of total
0-4	1,595	77.1%	106,225	72.9%
5-9	245	11.8%	21,050	14.4%
10-19	110	5.3%	9,860	6.8%
20-49	60	2.9%	5,310	3.6%
50-99	25	1.2%	1,690	1.2%
100-249	15	0.7%	935	0.6%
250+	20	1.0%	690	0.5%

**Source:** UK Business: Activity Size and Location 2009

Table 3.4 provides analysis of turnover data. Again, the data shows a mix of predominantly small businesses with relatively low turnovers, with a higher than average proportion of large turnover businesses.

**Table 3.4 Parliamentary Constituency within Region and Country by Turnover Size Band in 2009**

Turnover Size (£ thousands)	Edinburgh West		Scotland	
	Number	% of total	Number	% of total
0 – 49	335	16.2%	25,240	17.3%
50 – 99	550	26.6%	34,070	23.4%
100 – 249	580	28.0%	40,935	28.1%
250 – 499	240	11.6%	19,520	13.4%
500 – 999	155	7.5%	12,065	8.3%
1,000 - 4,999	150	7.2%	10,740	7.4%
5,000 +	60	2.9%	3,200	2.2%

**Source:** UK Business: Activity Size and Location 2009

By type of business, the majority of companies in the area are professional, scientific & technical, followed by construction, and arts/entertainment/recreation/other service companies.

Compared to Scotland as a whole, industries such as Information & Communication, Finance & Insurance. Professional, Scientific and Technical Services, and Other Services are over-represented. Industries under represented include Production and Retail.

**Table 3.5 Parliamentary Constituency within Region and Country by Broad Industry Group**

Industry Sector	Edinburgh West		Scotland	
	Number	% of total	Number	% of total
<b>Agri, forestry &amp; fishing</b>	30	1.5%	17,080	1.7%
<b>Production</b>	65	3.1%	8,510	5.8%
<b>Construction</b>	280	13.6%	18,655	12.8%
<b>Motor Trades</b>	45	2.2%	4,105	2.8%
<b>Wholesale</b>	70	3.4%	5,570	3.8%
<b>Retail</b>	145	7.0%	14,390	9.9%
<b>Transport &amp; Storage (incl. Postal)</b>	55	2.7%	4,815	3.3%
<b>Accommodation &amp; Food Services</b>	150	7.3%	12,135	8.3%
<b>Information &amp; Communication</b>	175	8.5%	6,650	4.6%
<b>Finance &amp; Insurance</b>	65	3.1%	2,130	1.5%
<b>Property</b>	90	4.4%	4,475	3.1%
<b>Professional, scientific &amp; technical</b>	385	18.6%	20,680	14.2%
<b>Business admin &amp; support services</b>	160	7.7%	8,655	5.9%
<b>Public admin &amp; defence</b>	0	0.0%	30	0.0%
<b>Education</b>	40	1.9%	1,685	1.2%
<b>Health</b>	95	4.6%	5,460	3.7%
<b>Arts, entertainment, recreation &amp; other services</b>	215	10.4%	10,730	7.4%

Source: UK Business: Activity Size and Location 2009

### 3.5 Occupation

In terms of occupational status, a high percentage of residents living in West Edinburgh<sup>6</sup> fall into social occupational groups of 4 to 5, which are administration and skilled trade occupations. This proportion (29.1%) is much higher than the comparable figure for both Scotland and Edinburgh City as a whole. There is a lower proportion of associate professional and technical occupations, however, as with Scotland and Edinburgh, the highest proportion of residents are in social occupational groups 1 to 3.

This analysis suggests that West Edinburgh has a considerably lower proportion of employees in the higher occupational groups, which we would expect to translate into wages and GVA. A major strength of the Edinburgh economy is the diversity of its occupational base and the number of employees in senior roles. This is less prevalent in West Edinburgh, but the figures still compare reasonably well to regional and national benchmarks.

<sup>6</sup> As defined as Edinburgh West and the Wards of Sighthill, Moray Burn, Parkhead and Stenhouse

**Table 3.6 Occupational Groups**

Jul 2008 to Jun 2009	West of Edinburgh		Edinburgh City	Scotland	Great Britain
	numbers	%		%	%
<b>Soc 2000 major group 1-3</b>	<b>21,664</b>	<b>42.7%</b>	<b>53.3</b>	<b>41.7</b>	<b>43.9</b>
1 Managers and senior officials	7,078	13.9%	16.8	13.5	15.6
2 Professional occupations	7,837	15.4%	20.6	13.3	13.4
3 Associate professional & technical	6,749	13.3%	15.8	14.7	14.7
<b>Soc 2000 major group 4-5</b>	<b>14,755</b>	<b>29.1%</b>	<b>18.6</b>	<b>22.7</b>	<b>22</b>
4 Administrative & secretarial	8,292	16.3%	10.8	11.3	11.3
5 Skilled trades occupations	6,463	12.7%	7.8	11.4	10.6
<b>Soc 2000 major group 6-7</b>	<b>7,323</b>	<b>14.4%</b>	<b>14.8</b>	<b>16.8</b>	<b>15.9</b>
6 Personal service occupations	3,931	7.7%	7.1	8.8	8.4
7 Sales and customer service occs	#	#	7.7	8	7.5
<b>Soc 2000 major group 8-9</b>	<b>7,020</b>	<b>13.8%</b>	<b>13.2</b>	<b>18.8</b>	<b>18.2</b>
8 Process plant & machine operatives	#	#	4.6	7.2	6.9
9 Elementary occupations	#	#	8.6	11.6	11.3

Source: ONS annual business inquiry employee analysis,

Note 1: # denotes data unavailable, sample size too small

Note 2: Tourism consists of industries that are also part of the services industry (see the definitions section)

Note 3: % is a proportion of total employee jobs

Note 4: Employee jobs excludes self-employed, government-supported trainees and HM Forces

### 3.6 Employment sectors

Table 3.7 provides a breakdown of the type of sectors that employees in the Parliamentary Constituency of Edinburgh West are employed in<sup>7</sup>. Similar to Edinburgh City, over 90% of employees are employed in the Services sector (somewhat higher than the national Scottish and Great Britain figures). There is a higher than average proportion of people employed in the Transport & Communications, and Finance/IT/Other Business Activities, reflecting the strong presence of finance and communications companies in the Gyle area.

There are relatively few employed in the manufacturing sector. The public sector is also somewhat smaller than it is in Scotland and Edinburgh City, more reflective of the GB rate.

<sup>7</sup> Data below parliamentary constituency level was not available. However, this should not affect the overall analysis as the CAS 2003 Wards are predominantly residential.

**Table 3.7: Employment Sectors**

	Edinburgh West		Edinburgh City	Scotland	Great Britain
	numbers	%		%	%
<b>Total employee jobs</b>	48,300	-	-	-	-
<b>Full-time</b>	34,500	71.3	69.3	67.8	68.8
<b>Part-time</b>	13,800	28.7	30.8	32.2	31.2
<b>Employee jobs by industry</b>					
<b>Manufacturing</b>	1,300	2.7	3.3	8.7	10.2
<b>Construction</b>	1,700	3.5	3.6	5.9	4.8
<b>Services</b>	44,900	93	92.4	81.9	83.5
<b>Distribution, hotels &amp; restaurants</b>	9,800	20.2	20	22.2	23.4
<b>Transport &amp; communications</b>	3,200	6.5	4.7	5.1	5.8
<b>Finance, IT, other business activities</b>	16,800	34.8	31.8	19.1	22
<b>Public admin, education &amp; health</b>	13,400	27.7	30.5	30	27
<b>Other services</b>	1,800	3.7	5.5	5.4	5.3
<b>Tourism-related<sup>†</sup></b>	3,600	7.5	10.2	8.9	8.2

Source: ONS annual business inquiry employee analysis, 2008

† Tourism consists of industries that are also part of the services industry (see the definitions section)

Note 1: % is a proportion of total employee jobs

Note 2: Employee jobs excludes self-employed, government-supported trainees and HM Forces

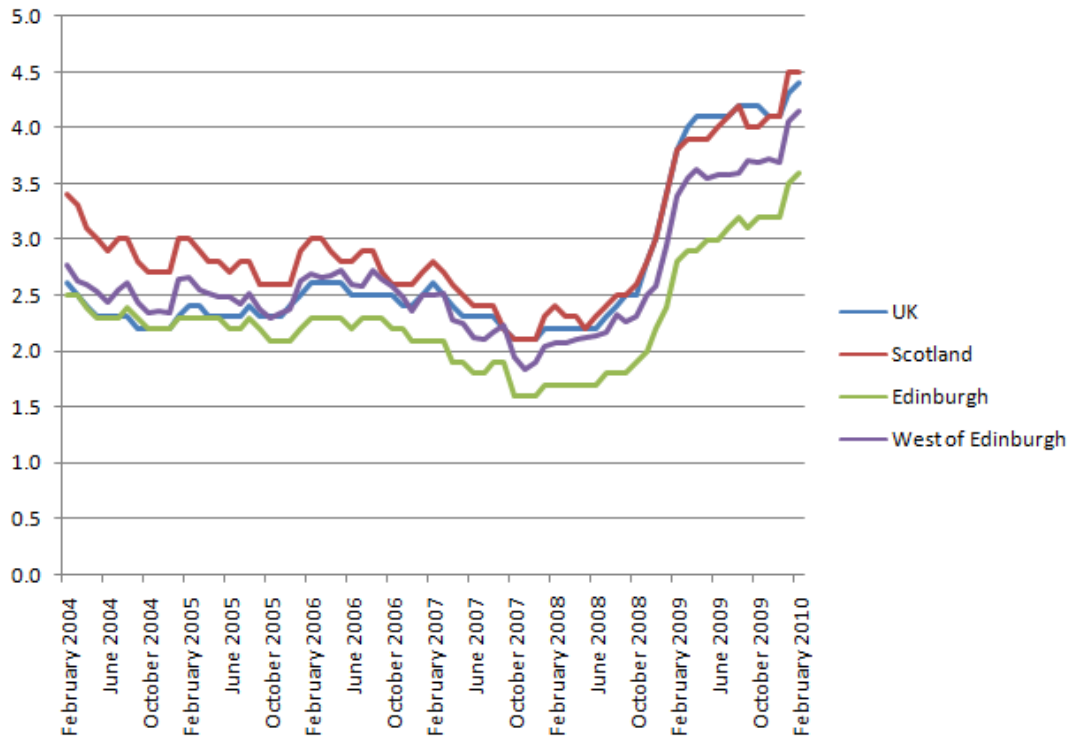
### 3.7 Unemployment (Claimant Count Rates)

Unemployment in West Edinburgh<sup>8</sup> is consistently higher than the average for Edinburgh City, but below the average for Scotland (See Figure 3.4 and Table 3.8). As in other areas, it has been climbing steadily during the economic recession. The geography covers a diverse area where there are pockets of very low unemployment levels (e.g. in parts of Corstorphine) and very high unemployment levels, for example in the ward of Murray Burn, where the unemployment rate is 9%<sup>9</sup>.

<sup>8</sup> As defined as Edinburgh West and the Wards of Sighthill, Moray Burn, Parkhead and Stenhouse

<sup>9</sup> In February 2010

**Figure 3.3 Historical Trends in Unemployment - Claimant Count 2004 to Present**



**Table 3.8 Unemployment - Claimant Count February 2010**

	West Edinburgh	City of Edinburgh	Scotland	UK
<b>Claimants</b>	2,845	11,533	146,910	1,657,041
<b>Rate</b>	4.1%	3.6%	4.5%	4.4%

Source: ONS, NOMIS

### 3.8 Deprivation analysis

This section provides details on a number of measures of deprivation based on the Scottish Index of Multiple Deprivation (SIMD) data. The SIMD is the Scottish Government's official tool for identifying small area concentrations of multiple deprivation across all of Scotland and is relevant to policies aimed at tackling the causes and effects of area-based multiple deprivation.

SIMD 2009 divides Scotland up into 6,505 small geographical areas (called 'data zones'), with a median population size of 769. These are ranked from 1 (most deprived) to 6,505 (least deprived) using 37 indicators of deprivation across seven categories or domains: current income, employment, health, education, geographic access to services, housing and crime.

For our analysis of West Edinburgh, we have used all those datazones that sit within the boundaries of the parliamentary constituency of Edinburgh West and the wards of Sighthill, Parkhead, Murray Burn and Stenhouse. In total, there are 144 datazones in the area.

### 3.8.1 General domain

The General SIMD 2009 rank analyses all the domains covered in the SIMD and provides a 'rank' of all the datazones across Scotland.

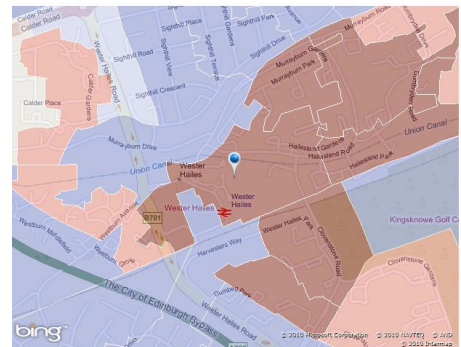
The area has a diverse mix of neighbourhoods, from very privileged areas such as Davidson Mains (the 15<sup>th</sup> least deprived datazone in Scotland) and Barton in the North to very deprived pockets in Wester Hailes and Muirhouse.

Table 3.9 provides a summary of the lowest ranking datazones in the area in terms of general deprivation. Overall, there are 17 datazones in the area that are in the 15% most deprived in Scotland. This represents 0.3% of all datazones in Scotland. However, when considering just West Edinburgh, this represents 12% of all datazones, i.e. 12% of datazones in the West Edinburgh area score in the most deprived 15% in Scotland.

The most deprived datazone is situated in Wester Hailes, in the area immediately adjacent to the train station. This datazone has a general rank of 81, i.e. it is the 81<sup>st</sup> most deprived datazone in Scotland and the 7<sup>th</sup> most deprived in Edinburgh.

There are 6 datazones in the region of analysis that have moved out of the top 15% most deprived between 2006 and 2009, including in the Muirhouse, Stenhouse, Broomhill and Sighthill areas of Edinburgh.

#### **Datazone S01001880 - The Most Deprived in the General Domain**



**Table 3.9 Scottish Index of Multiple Deprivation 2009: General Domain**

<b>Datazone</b>	<b>Area Covered</b>	<b>Rank</b>	<b>Quartile Rank</b>
<b>S01001880</b>	Clovenstone and Drumbryden (Wester Hailes)	81	Bottom 5%
<b>S01002291</b>	Muirhouse	95	Bottom 5%
<b>S01002282</b>	Muirhouse	101	Bottom 5%
<b>S01001865</b>	Clovenstone and Drumbryden (Wester Hailes)	106	Bottom 5%
<b>S01001894</b>	Clovenstone and Drumbryden (Wester Hailes)	153	Bottom 5%
<b>S01001886</b>	Clovenstone and Drumbryden (Wester Hailes)	216	Bottom 5%
<b>S01001874</b>	Clovenstone and Drumbryden (Wester Hailes)	245	Bottom 5%
<b>S01001897</b>	Clovenstone and Drumbryden (Wester Hailes)	267	Bottom 5%
<b>S01002281</b>	Muirhouse	322	Bottom 5%
<b>S01001946</b>	Broomhouse and Sighthill	324	Bottom 5%
<b>S01002296</b>	Muirhouse	332	Bottom 10%
<b>S01001877</b>	Calders (Wester Hailes)	381	Bottom 10%
<b>S01001909</b>	Clovenstone and Drumbryden (Wester Hailes)	431	Bottom 10%
<b>S01001864</b>	Clovenstone and Drumbryden (Wester Hailes)	466	Bottom 10%
<b>S01001931</b>	Broomhouse and Sighthill	492	Bottom 10%
<b>S01001892</b>	Calders (Wester Hailes)	534	Bottom 10%
<b>S01002278</b>	West Pilton	589	Bottom 10%

Source: SIMD 2009

### 3.8.2 Income domain

The income domain identifies areas where there are concentrations of individuals and families living on low incomes. This is done by looking at the numbers of people, both adult and children, who are receiving or are dependent on benefits related to income or tax credits. It is not possible to look at actual income, as there are no data available on this at data zone level, rather the indicators used in this domain are known as proxy indicators such as tax credit data.

In terms of income, there are 21 datazones in West Edinburgh that fall within the most deprived 15% in Scotland. This includes a relatively high number (12) that fall within the worst 5% in Scotland. Overall, of the 144 datazones in West Edinburgh, 15% are in the most deprived 15% in Scotland. In addition, there are 55 datazones that are in the 15% least deprived areas of Scotland. This emphasises the extreme variation in income levels within one relatively small part of Edinburgh.

Table 3.10 provides a summary of the datazones which rank in the worst 15% deprived in Scotland.

**Table 3.10 Scottish Index of Multiple Deprivation 2009: Income Domain**

<b>Datzone</b>	<b>Area Covered</b>	<b>Rank</b>	<b>Quartile Rank</b>
<b>S01001880</b>	Clovenstone and Drumbryden (Wester Hailes)	87	Bottom 5%
<b>S01001865</b>	Clovenstone and Drumbryden (Wester Hailes)	95	Bottom 5%
<b>S01001894</b>	Clovenstone and Drumbryden (Wester Hailes)	96	Bottom 5%
<b>S01001874</b>	Clovenstone and Drumbryden (Wester Hailes)	118	Bottom 5%
<b>S01001897</b>	Clovenstone and Drumbryden (Wester Hailes)	141	Bottom 5%
<b>S01002282</b>	Muirhouse	149	Bottom 5%
<b>S01002281</b>	Muirhouse	154	Bottom 5%
<b>S01001946</b>	Broomhouse and Sighthill	162	Bottom 5%
<b>S01001864</b>	Clovenstone and Drumbryden (Wester Hailes)	177	Bottom 5%
<b>S01001877</b>	Calders (Wester Hailes)	178	Bottom 5%
<b>S01002291</b>	Muirhouse	194	Bottom 5%
<b>S01001886</b>	Clovenstone and Drumbryden (Wester Hailes)	267	Bottom 5%
<b>S01002296</b>	Muirhouse	430	Bottom 10%
<b>S01001909</b>	Clovenstone and Drumbryden (Wester Hailes)	569	Bottom 10%
<b>S01001931</b>	Broomhouse and Sighthill	596	Bottom 10%
<b>S01002278</b>	West Pilton	652	Bottom 15%
<b>S01001949</b>	Stenhouse	666	Bottom 15%
<b>S01001893</b>	Calders (Wester Hailes)	723	Bottom 15%
<b>S01002275</b>	Muirhouse	731	Bottom 15%
<b>S01002265</b>	Muirhouse	749	Bottom 15%
<b>S01001892</b>	Calders (Wester Hailes)	843	Bottom 15%

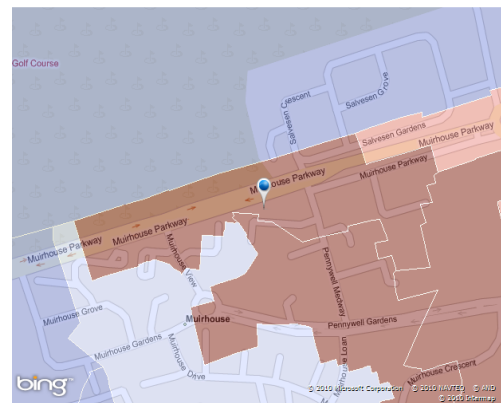
Source: SIMD 2009

### 3.8.3 Employment domain

The employment domain identifies the proportion of people from the resident working age population who are unemployed or who are not involved in the labour market due to ill health or disability. Being out of work is acknowledged to be a key factor of deprivation. As a result, the employment domain contributes significantly to the overall weighting of the SIMD.

There are a number of datazones in West Edinburgh that rank as being particularly deprived on employment. In total, there are 19 datazones that are in the most deprived 15% of Scottish datazones in terms of employment deprivation. This represents 13% of all the datazones in the West Edinburgh area. The most deprived of these is datazone S01002291, which is situated in Muirhouse in Edinburgh. It has an overall rank in terms of employment deprivation of 35, the fourth most deprived datazone in the whole of Edinburgh based on employment.

#### **Datazone S01002291 - The Most Employment Deprived**



**Table 3.11: Scottish Index of Multiple Deprivation 2009: Employment Domain**

<b>Datazone</b>	<b>Area Covered</b>	<b>Rank</b>	<b>Quartile Rank</b>
<b>S01002291</b>	Muirhouse	35	Bottom 5%
<b>S01001880</b>	Clovenstone and Drumbryden (Wester Hailes)	38	Bottom 5%
<b>S01001886</b>	Clovenstone and Drumbryden (Wester Hailes)	52	Bottom 5%
<b>S01001865</b>	Clovenstone and Drumbryden (Wester Hailes)	122	Bottom 5%
<b>S01002282</b>	Muirhouse	279	Bottom 5%
<b>S01001892</b>	Calders (Wester Hailes)	295	Bottom 5%
<b>S01001894</b>	Clovenstone and Drumbryden (Wester Hailes)	333	Bottom 10%
<b>S01001909</b>	Clovenstone and Drumbryden (Wester Hailes)	340	Bottom 10%
<b>S01001931</b>	Broomhouse and Sighthill	463	Bottom 10%
<b>S01001874</b>	Clovenstone and Drumbryden (Wester Hailes)	467	Bottom 10%
<b>S01001897</b>	Clovenstone and Drumbryden (Wester Hailes)	503	Bottom 10%
<b>S01001877</b>	Calders (Wester Hailes)	634	Bottom 10%
<b>S01001893</b>	Calders (Wester Hailes)	638	Bottom 10%
<b>S01002281</b>	Muirhouse	659	Bottom 15%
<b>S01002296</b>	Muirhouse	691	Bottom 15%
<b>S01001946</b>	Broomhouse and Sighthill	694	Bottom 15%
<b>S01002005</b>	Stenhouse	836	Bottom 15%
<b>S01002278</b>	West Pilton	855	Bottom 15%
<b>S01001971</b>	Stenhouse	915	Bottom 15%

Source: SIMD 2009

### 3.8.4 Health domain

The health domain looks at standardised mortality ratios; emergency admissions to hospital; hospital admissions related to alcohol use; hospital admissions related to drug use; the proportion of population being prescribed drugs for anxiety, depression or psychosis; and the proportion of live singleton births of low birth weight.

20 datazones in West Edinburgh are in the most deprived 15% in Scotland. Of these, 8 datazones are in the worst 5% in Scotland. In total, 14% of datazones in West Edinburgh are thought to be deprived (i.e. in the worst 15% in Scotland).

**Table 3.12 Scottish Index of Multiple Deprivation 2009: Health Domain**

<b>Datzone</b>	<b>Area Covered</b>	<b>Rank</b>	<b>Quartile Rank</b>
<b>S01001894</b>	Clovenstone and Drumbryden (Wester Hailes)	143	Bottom 5%
<b>S01002282</b>	Muirhouse	198	Bottom 5%
<b>S01001865</b>	Clovenstone and Drumbryden (Wester Hailes)	205	Bottom 5%
<b>S01001931</b>	Broomhouse and Sighthill	245	Bottom 5%
<b>S01002291</b>	Muirhouse	257	Bottom 5%
<b>S01001946</b>	Broomhouse and Sighthill	271	Bottom 5%
<b>S01001880</b>	Clovenstone and Drumbryden (Wester Hailes)	283	Bottom 5%
<b>S01001877</b>	Calders (Wester Hailes)	311	Bottom 5%
<b>S01002281</b>	Muirhouse	392	Bottom 10%
<b>S01001897</b>	Clovenstone and Drumbryden (Wester Hailes)	426	Bottom 10%
<b>S01001864</b>	Clovenstone and Drumbryden (Wester Hailes)	464	Bottom 10%
<b>S01001886</b>	Clovenstone and Drumbryden (Wester Hailes)	531	Bottom 10%
<b>S01002278</b>	West Pilton	553	Bottom 10%
<b>S01002296</b>	Muirhouse	558	Bottom 10%
<b>S01001904</b>	Longstone and Saughton Mains	665	Bottom 15%
<b>S01001892</b>	Calders (Wester Hailes)	743	Bottom 15%
<b>S01002275</b>	Muirhouse	766	Bottom 15%
<b>S01001874</b>	Clovenstone and Drumbryden (Wester Hailes)	771	Bottom 15%
<b>S01001955</b>	Stenhouse	920	Bottom 15%
<b>S01002241</b>	Drylaw	958	Bottom 15%

Source: SIMD 2009

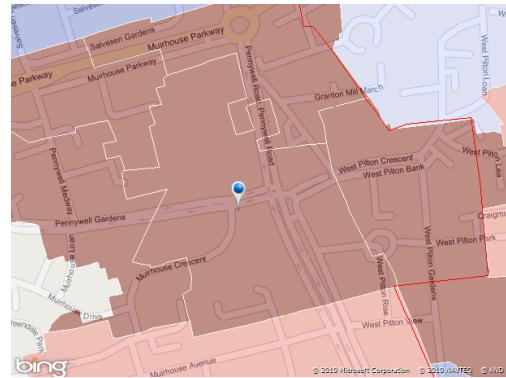
### 3.8.5 Education domain

The Education, skills and training domain is made up of several indicators: school pupil absences; pupil performance on SQA at stage 4; working age people with no qualifications; 17-21 year olds enrolling into higher education; and people aged 16-18 not in full time education.

22 datazones in the West of Edinburgh are in the most educationally deprived in Scotland, with 11 ranking in the 5% most deprived in Scotland. This means that over 15% of all datazones in the West Edinburgh are in the most deprived 15% in Scotland. Datazone S01002282 has an education domain rank of just 5, making it the most deprived datazone in the whole of Edinburgh in terms of education and the fifth most deprived across Scotland.

Table 3.13 provides a summary of the most deprived datazones in the West of Edinburgh in terms of Education.

**Datazone S010002282 - The Most education deprived datazone in Edinburgh**



**Table 3.13: Scottish Index of Multiple Deprivation 2009: Education Domain**

Datzone	Area Covered	Rank	Quartile Rank
S01002282	Muirhouse	5	Bottom 5%
S01002296	Muirhouse	28	Bottom 5%
S01001894	Clovenstone and Drumbryden (Wester Hailes)	143	Bottom 5%
S01002291	Muirhouse	148	Bottom 5%
S01001865	Clovenstone and Drumbryden (Wester Hailes)	205	Bottom 5%
S01002281	Muirhouse	216	Bottom 5%
S01001931	Broomhouse and Sighthill	245	Bottom 5%
S01002278	West Pilton	249	Bottom 5%
S01001946	Broomhouse and Sighthill	271	Bottom 5%
S01001880	Clovenstone and Drumbryden (Wester Hailes)	283	Bottom 5%
S01001877	Calders (Wester Hailes)	311	Bottom 5%
S01001897	Clovenstone and Drumbryden (Wester Hailes)	426	Bottom 10%
S01001864	Clovenstone and Drumbryden (Wester Hailes)	464	Bottom 10%
S01001886	Clovenstone and Drumbryden (Wester Hailes)	531	Bottom 10%
S01002265	Muirhouse	623	Bottom 10%
S01001904	Longstone and Saughton Mains	665	Bottom 15%
S01001892	Calders (Wester Hailes)	743	Bottom 15%
S01001874	Clovenstone and Drumbryden (Wester Hailes)	771	Bottom 15%
S01002247	Drylaw	804	Bottom 15%
S01002140	Clermiston	866	Bottom 15%
S01001955	Stenhouse	920	Bottom 15%
S01002275	Muirhouse	947	Bottom 15%

Source: SIMD 2009

### 3.8.6 Access domain

The calculation of both drive times and public transport travel times has been carried out by GIS analysts in the Scottish Government. The geographical access domain is made up of the following indicators: drive times to a GP, petrol station, post office, shopping facility, primary and secondary school; and public transport times to a GP, post office and shopping facilities.

Given that the West of Edinburgh is an urban area with many services located nearby, only two datzones were in the most deprived 15% in Scotland. These datzones do not appear under any of the other deprivation domains.

**Table 3.14 Scottish Index of Multiple Deprivation 2009: Access Domain**

Datazone	Area Covered	Rank	Quartile Rank
<b>S01002022</b>	Kirkliston	828	Bottom 15%
<b>S01002327</b>	South Queensferry/ Dalmeny	906	Bottom 15%

Source: SIMD 2009

### 3.8.7 Housing domain

The housing domain looks at persons in households that are overcrowded and persons in households without central heating. As a result of the type of indicators used, the datazones identified as deprived are not so closely aligned to the other measures of deprivation and there are more areas included, e.g. where the housing is older.

In total, there are 19 datazones in West Edinburgh that are ranked in the worst 15% in Scotland, with one, in Gorgie West, in the worst 5%.

**Table 3.15: Scottish Index of Multiple Deprivation 2009: Housing Domain**

Datazone	Area Covered	Rank	Quartile Rank
<b>S01002031</b>	Gorgie West	210	Bottom 5%
<b>S01002282</b>	Muirhouse	421	Bottom 10%
<b>S01002296</b>	Muirhouse	444	Bottom 10%
<b>S01002140</b>	Clermiston	554	Bottom 10%
<b>S01002154</b>	Clermiston	556	Bottom 10%
<b>S01002241</b>	Drylaw	576	Bottom 10%
<b>S01001973</b>	Forrester Park and Broomhall	695	Bottom 15%
<b>S01002281</b>	Muirhouse	705	Bottom 15%
<b>S01002291</b>	Muirhouse	719	Bottom 15%
<b>S01001964</b>	South Gyle	743	Bottom 15%
<b>S01002265</b>	Muirhouse	749	Bottom 15%
<b>S01001912</b>	Parkhead	791	Bottom 15%
<b>S01002278</b>	West Pilton	808	Bottom 15%
<b>S01002247</b>	Drylaw	833	Bottom 15%
<b>S01001967</b>	Forrester Park and Broomhall	848	Bottom 15%
<b>S01001923</b>	Broomhouse and Sighthill	852	Bottom 15%
<b>S01002232</b>	Drylaw	904	Bottom 15%
<b>S01001931</b>	Broomhouse and Sighthill	911	Bottom 15%
<b>S01002147</b>	Clermiston	953	Bottom 15%

Source: SIMD 2009

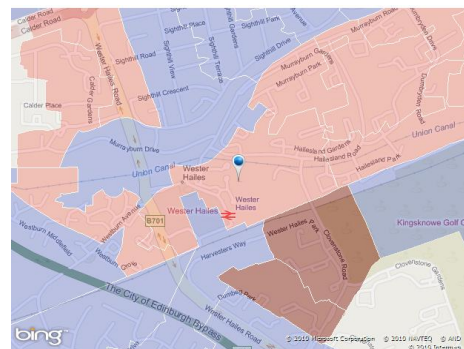
### 3.8.8 Crime domain

The Crime domain was a new domain established in 2006. The SIMD crime domain measures the rate of recorded SIMD crime at small area level using 2007/08 recorded crime data. It is based on five indicators of broad crime types: crimes of violence; domestic house breaking; vandalism; drug offences; and minor assault. The crime domain score is a sum of the recorded crimes in each of the indicators and is referred to as 'SIMD crime' rather than total crime, as it does not include all recorded crimes.

Overall there are 27 datazones in West Edinburgh that rank within the most deprived 15% in Scotland. This represents 19% of all datazones in the area. Furthermore, of those datazones, 12 rank in the worst 5% in Scotland for crime.

Table 3.16 provides a summary of the worst ranking data zones in the West of Edinburgh region.

**Datzone S01001880 - The most deprived datzone for Crime**



**Table 3.16 Scottish Index of Multiple Deprivation 2009: Crime Domain**

<b>Datazone</b>	<b>Area Covered</b>	<b>Rank</b>	<b>Quartile Rank</b>
<b>S01001880</b>	Clovenstone and Drumbryden	41	Bottom 5%
<b>S01001923</b>	Broomhouse and Sighthill	62	Bottom 5%
<b>S01002282</b>	Muirhouse	63	Bottom 5%
<b>S01001932</b>	Longstone and Saughton Mains	96	Bottom 5%
<b>S01001909</b>	Clovenstone and Drumbryden	99	Bottom 5%
<b>S01001894</b>	Clovenstone and Drumbryden	121	Bottom 5%
<b>S01001954</b>	South Gyle	124	Bottom 5%
<b>S01001926</b>	Broomhouse and Sighthill	141	Bottom 5%
<b>S01002296</b>	Muirhouse	142	Bottom 5%
<b>S01001897</b>	Clovenstone and Drumbryden	152	Bottom 5%
<b>S01001955</b>	Stenhouse	244	Bottom 5%
<b>S01001865</b>	Clovenstone and Drumbryden	303	Bottom 5%
<b>S01001874</b>	Clovenstone and Drumbryden	345	Bottom 10%
<b>S01001977</b>	Stenhouse	385	Bottom 10%
<b>S01001912</b>	Parkhead	387	Bottom 10%
<b>S01001949</b>	Stenhouse	391	Bottom 10%
<b>S01001965</b>	Stenhouse	470	Bottom 10%
<b>S01001892</b>	Calders	474	Bottom 10%
<b>S01002031</b>	Georgie West	505	Bottom 10%
<b>S01001946</b>	Broomhouse and Sighthill	516	Bottom 10%
<b>S01002325</b>	Waterfront and Granton	537	Bottom 10%
<b>S01001893</b>	Calders	648	Bottom 10%
<b>S01001864</b>	Clovenstone and Drumbryden	673	Bottom 15%
<b>S01002278</b>	West Pilton	720	Bottom 15%
<b>S01001943</b>	Broomhouse and Sighthill	853	Bottom 15%
<b>S01002291</b>	Muirhouse	888	Bottom 15%
<b>S01002138</b>	Bughtlin and Parkgrove (East Craigs)	912	Bottom 15%

Source: SIMD 2009

### 3.9 SLIMS data

SLIMS Consulting is an economic consultancy firm specialising in economic and labour market analysis and related policy development. It has produced a number of forecasts for various regions in Scotland, including the East, which covers:

- Edinburgh City
- East Lothian
- West Lothian
- Midlothian
- Fife
- Stirling
- Falkirk
- Clackmannanshire
- The Scottish Borders

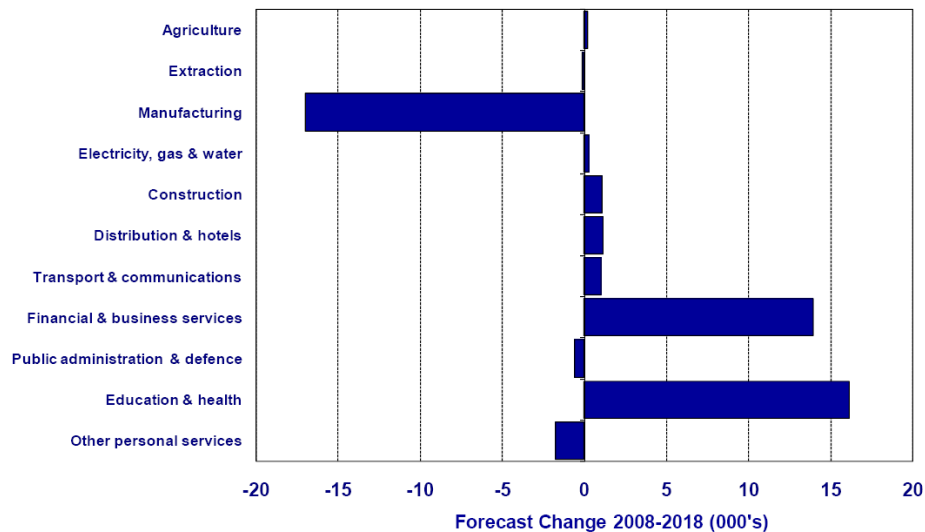
Table 3.17 and Figure 3.5 provide a summary of the latest employment forecasts from SLIMS for the time period up to 2018.

**Table 3.17 Employment Change: Forecasts**

Employment Change (%/year)	2008	2009	2010	2011	2012
Edinburgh	0.5	-3.0	-1.6	-0.1	0.9
East Lothian	1.8	-2.1	-0.9	0.5	1.2
West Lothian	1.1	-2.6	-1.3	0.4	1.0
Mid Lothian	1.5	-2.9	-1.7	-0.2	0.5
Stirling	4.1	-1.7	-6.2	-0.9	0.9
Falkirk	0.2	-2.2	3.0	0.8	0.8
Clackmannanshire	0.4	-2.5	-1.1	0.4	1.0
Fife (excluding NE Fife)	0.2	-2.5	-1.2	0.2	0.8
Scottish Borders	2.4	-2.0	-1.0	0.2	0.7
<b>East Region Total</b>	<b>1.0</b>	<b>-2.6</b>	<b>-1.4</b>	<b>0.1</b>	<b>0.9</b>

Source: SLIMS Consultancy, 2009

**Figure 3.5 Forecast Employment Change, East Region 2008- 2018**



Source: SLIMS Consultancy, 2009

The forecasts show a more pronounced dip in employment for Edinburgh City when compared with other areas for the period 2009 to 2011, probably as a result of the nature of the economic recession and the sharper loss of jobs in the finance and business services sectors. However, as with other areas of the East region, Edinburgh is predicted to return to positive rates of employment growth by 2012. By sector, manufacturing is expected to be hit the hardest but other sectors such as Finance & Business Services and Education & Health will show strong positive growth for the period 2008-2018.

### 3.10 SWOT analysis

Based on the local and regional socio-economic features, trends and projections depicted above, Table 3.18 summarises West Edinburgh's key strengths and weaknesses, as well as identifying some of the threats and opportunities that the area faces in the future, through a SWOT analysis.

**Table 3.18 SWOT Analysis for West Edinburgh**

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Good connections and transport links</li> <li>• Good local facilities such as the Gyle Shopping Centre</li> <li>• A number of large profile employers</li> <li>• A mix of small and large businesses</li> <li>• A diverse workforce and relatively high employment</li> <li>• A number of affluent areas</li> <li>• Relative deprivation is improving-between 2006 and 2009, 6 datazones moved out of the 15% most deprived in Scotland.</li> </ul>	<ul style="list-style-type: none"> <li>• Lower than (Edinburgh) average in occupational groups 1 to 3 (i.e. managers and professionals)</li> <li>• Unemployment is higher than the rest of Edinburgh</li> <li>• Some areas, e.g. Wester Hailes and around Muirhouse, Stenhouse, Broomhill and Sighthill, are very deprived. 10 datazones are in the 5% most deprived in Scotland</li> <li>• Dependency on a small number of large employers.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• The area has a strategic fit with housing and development and is aligned with CEC and SE expansion plans</li> <li>• Projected increasing population and employment levels in the Edinburgh and East region suggest significant opportunities for future development</li> <li>• Well placed for economic recovery</li> <li>• The trams should improve connectivity across the area and beyond</li> </ul>	<ul style="list-style-type: none"> <li>• Economic recovery stalling or worse, particularly vulnerable to the loss of back office jobs in sectors such as finance and business services</li> <li>• Loss of large employers, or one or some of these employers scaling back operations</li> <li>• Public service cutbacks leading to employment loss</li> <li>• Worsening deprivation levels making the area less attractive as a place to live and work</li> </ul>

### 3.11 Conclusions

West Edinburgh remains a key strategic area for the Scottish economy and, despite the current economic downturn, will remain so as the economy recovers given its geographical location, transport links and connections with Scotland’s two main city regions.

The area, however, does have a number of weaknesses that future development should address, particularly the large pockets of deprivation across a number of indicators that still exist, its relatively high level of unemployment and its dependency on a small number of large employers.

## 4. Economic impact assessment

Our impact analysis follows the high level methodology presented in Section 1, and will be divided into two different sections.

- **The construction impact**, i.e. the additional output, GVA<sup>10</sup> and employment generated by the development's construction phase.
- **The operating impact**, including the long-term impact of additional employment, output and GVA generated in West Edinburgh as a result of the developments.

We will also analyse the impact of the additional population and households in the area in terms of additional income.

Given the strategic importance of the development, the focus of the impact work should not be considered purely at the local (West Edinburgh) level. Instead, the focus is on its contribution to the growth of the city region (Edinburgh and its surrounding areas).

### 4.1 Construction impact

The developments will consist of four different types of infrastructures: housing units, retail space, infrastructure and other amenities.

The phasing and cost of each development is presented in Table 4.1, below. These elements phasing and approximate sizes of the different parts of the development were provided by Murray Estates. DTZ's Building Consultancy Team provided approximations of the cost based on the information available. It should be noted that the cost data is indicative only. No design, floor areas or plans were provided. The costs include professional fees for the construction design team, but exclude agents, legal fees and payments to third parties and statutory bodies.

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<sup>10</sup> GVA stands for Gross Value Added. It is the additional value generated by each part of production activity and, here, is equated as output minus intermediate consumption.

**Table 4.1 Estimated phasing and construction cost of the mixed use development**

Element	Construction Cost	Phasing
<b>Housing</b>	£795 million	4,000 houses in total, 3000 new (private) homes and 1,000 affordable 240 in first year, then 235 per year over next 16 years, about £44m per annum
<b>Retail</b>	£5.82 million	Built in 2017 and 2021
<b>Infrastructure</b>	£75 million	Built over 5 years, £15 million a year
<b>Community centres</b>	£4.8m	Built in 2017 and 2021
<b>Primary school</b>	£20.4m	Built in 2017 and 2021
<b>Allotments</b>	£2m	Built in 2019-24
<b>Calyx</b>	£2.39m	Exhibition space, TV studio and restaurants. Built 2015-18
<b>2 hotels (one 3* and one 4*)</b>	£6.825m	Built 2016-19
<b>Garden centre</b>	£6.5m	Built 2016-17
<b>Marina</b>	£5m	Built 2018-20
<b>Sports Hub</b>	£28.125m	Built 2018-21
<b>TOTAL</b>	<b>£954,635,000</b>	

Source: Murray Estates and DTZ

The development's total construction cost will reach approximately £950 million. The construction impact will therefore be spread over 18 years (2015-32). The following assumptions were made for impact calculations.

- **Construction costs inflation:** cost and impact figures are expressed in constant prices (base year 2010) throughout the report, meaning they have not been inflated, but rather expressed in nominal terms (or purchasing power).
- **Jobs directly created during the construction phase:** national UK averages were used to calculate the output/head in the construction sector, enabling us to derive the number of workers needed to complete a construction project of a given capital value.

- **Leakage:** Such a series of major construction projects will inevitably require a large number of workers from other parts of Scotland and, perhaps, further afield. Using the English Partnerships' Additionality Guide, we decided to use a 50% leakage figure.
- **Displacement:** considering the size of the city region and, consequently, the probability that such major projects will occur elsewhere in the region, we used a 75% displacement figure throughout the calculations on construction impact. Although the housing may be built elsewhere, the other parts of the project are unique and there is no evidence that they are being planned for elsewhere in the surrounding region. For this reason, we assume that this type of development would be lost to the city region if it did not go ahead.
- **Multipliers:** we assumed a composite regional multiplier of 1.4. This is reasonably conservative and lower than national multipliers, as well as the multiplier for the UK regions. Again, this is based on English Partnerships Additionality Guide.

The development will generate 537 direct Full Time Equivalent (FTE) jobs in the building sector in the first year of the construction phase, and the net employment impact for the city region will reach 132 jobs, a number that will vary over the 18-year timeframe as a number of elements will reach completion within a few years.

The net output impact will be approximately £10 million in the first year, and vary following the same pattern as the employment impact described above. Construction impact figures are summarised in Table 4.2, below.

**Table 4.2 Construction impact / year in Edinburgh (assumed starting year of 2015)**

Year	Construction Output (£ million)	Direct jobs	Net employment impact (FTE)	Net output Impact (£ million)
2015	£59.8m	537	94	£10.5m
2016	£64.7m	582	102	£11.3m
2017	£67.6m	608	106	£11.8m
2018	£70.2m	631	110	£12.3m
2019	£83.9m	754	132	£14.7m
2020	£53.2m	478	84	£9.3m
2021	£71.4m	642	112	£12.5m
2022	£47.5m	247	75	£8.3m
2023	£47.5m	427	75	£8.3m
2024	£47.5m	427	75	£8.3m
2025	£47.2m	424	74	£8.3m
2026	£44.2m	397	70	£7.7m
2027	£44.2m	397	70	£7.7m
2028	£44.2m	397	70	£7.7m
2029	£44.2m	397	70	£7.7m
2030	£44.2m	397	70	£7.7m
2031	£44.2m	397	70	£7.7m
2032	£44.2m	397	70	£7.7m

Source: DTZ

## 4.2 Operating impact

The operating impact refers to the durable economic activity generated once the various centres, offices, shops, etc. start operating. We assume that retail space will be taken up as soon as it is completed, i.e. we are assuming full occupancy in our calculations. The food

store will start operating in Year 3 (2017), assuming completion will take approximately one year.

To calculate the employment effects, we estimated the size of the development by gross internal area, which we then netted off to account for occupied space (e.g. netting off staircases, toilets, cupboards, etc.). We then used English Partnership employment density figures to estimate jobs for the different parts of the development. This provided us with jobs figures for most parts of the development: retail, office, stadium and pub/restaurant. The exceptions were:

- *Calyx* – A more in-depth economic impact assessment for jobs created was undertaken by EKOS and we used those figures (136 net jobs)<sup>11</sup>.
- *Primary school* – we assumed a double stream primary school with 200 pupils per stream. The intention of the City of Edinburgh Council is to have average primary class sizes in Edinburgh is 30 per class<sup>12</sup>. This would create 13 teachers. We further assumed a head teacher one support staff for every two teachers, i.e. around 21 staff in all.
- *Marina* – We used figures from a recent Scottish Enterprise report that highlighted that there were 229 people employed in the East of Scotland in the boating industry, which had 1,547 total berths<sup>13</sup>. We applied this ratio to 50 berths to obtain 7 jobs.
- *Community Centre* – Assumed 5 staff in each.
- *Garden Centre* – Assumed 5 staff.

All staff numbers reflect Full Time Equivalents (FTEs).

We then converted to output and GVA using output and GVA per head figures from UK Input Output tables, taking a blended average for office, retail and other employment sectors.

The following other assumptions are made for the impact calculations.

- **Leakage:** we assume that most of the impact will be retained within Edinburgh itself. The development does not have the intention of targeting a specific group of people or businesses and is keen to attract newcomers. However, there is a sense from the socioeconomic analysis that it is partly about providing opportunities for housing and employment for those living in West Edinburgh, particularly the more deprived communities. Use of the facilities in the neighbourhood centres will also not just be used by those in Edinburgh. Using the English Partnerships' Additionality Guide, we decided to use a 10% leakage figure.
- **Displacement:** given that we are focusing on the impact on the wider region and that the development will attract spending that would have been spent elsewhere in the

<sup>11</sup> EKOS Limited, *The Calyx economic impact appraisal*. March 2007

<sup>12</sup> <http://www.edinburgh.gov.uk/internet/Learning/Schools/Primary-classes>

<sup>13</sup> Scottish Enterprise, *Sailing tourism in Scotland*. February 2010

city region economy, displacement will be relatively high. However, the development is also going to attract visitors, particularly with the Calyx and the hotels. Again in keeping with the Additionality Guide for local areas, we adopted a midpoint assessment of 50% displacement for operating impact. Although some of the activity will be new, it is likely that it will reduce spending in other parts of the Edinburgh economy.

- **Multipliers:** as with construction, we assumed a composite regional multipliers of 1.4.

The net operating employment impact will be 23 jobs sustained in Year 3 (2017), and will rise progressively over time as more space is taken up, to reach around 306 jobs per year once 100% of the space is completed and operating in Year 7 (2021). The net output impact will increase from £0.9 million in Year 3 to £20.3 million in Year 7 onwards. Table 4.3 below summarises the project's operating impact.

**Table 4.3 Operating Impact / year in Edinburgh (starting year 2010)**

Year	Net Employment	Net Output (£ million)	Net GVA (£ million)
2015	-	-	-
2016	-	-	-
2017	23	£0.9m	£0.6m
2018	111	£7.5m	£4.1m
2019	178	£12.0m	£6.6m
2020	183	£12.3m	£6.8m
2021	306	£20.3m	£11.2m
2022	306	£20.3m	£11.2m
2023	306	£20.3m	£11.2m
2024	306	£20.3m	£11.2m
2025	306	£20.3m	£11.2m
2026	306	£20.3m	£11.2m
2027	306	£20.3m	£11.2m
2028	306	£20.3m	£11.2m
2029	306	£20.3m	£11.2m
2030	306	£20.3m	£11.2m
2031	306	£20.3m	£11.2m
2032	306	£20.3m	£11.2m

Source: DTZ

### 4.3 Additional housing/people impact

The last quantitative category of impact the development will trigger is labelled 'additional housing impact', and refers to the income spending of new households moving in the area. We make the following assumptions.

- The new houses built will be occupied immediately after completion, which represents 235 additional households per year in West Edinburgh from Year 3 (2017) to Year 18 (2032), with 240 in Year 2. This gives a total of 4,000 over the whole development phase.
- The average household size in Edinburgh (2.17 persons per household in 2008, GROS) was used to calculate the population growth resulting from the housing development of 4,000 units over 17 years.
- The median household income in Edinburgh is (£30,505 per year<sup>14</sup>) was used to calculate the additional consumption resulting from new households moving in.
- A proportion of spending will occur outside of the area, e.g. mortgage payments, transport payments, utilities, etc. The spending likely to be retained is retail. We also need to make some allowance for the new facilities, particularly in the new neighbourhood centres, coming on-line. Given this, we will assume that 75% of this retail spending will be captured locally. Scottish Input-Output tables indicate that about 21% of all spending is retail, therefore we assume that around 16% of additional income is retained in the area. Furthermore, we assume a retail impact multiplier of 1.2, based on the Additionality Guidance.

West Edinburgh's population will grow by over 8,000 people after full completion of the housing development. This represents an additional income of £115 million per year, a net output impact of £22 million per year and a net GVA impact of £10 million per year.

Table 4.4, below, summarises the housing economic impact per year throughout the construction period.

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<sup>14</sup> CACI Paycheck 2009

**Table 4.4 Housing impact / year in Edinburgh (starting year 2015)**

Year	Net Population	Net Income (£ million)	Net Output (£ million)	Net GVA (£ million)
2015	-	-	-	-
2016	-	-	-	-
2017	521	£7.3m	£1.4m	£0.7m
2018	1,031	£14.4m	£2.8m	£1.2m
2019	1,541	£21.7m	£4.2m	£1.8m
2020	2,051	£28.8m	£5.5m	£2.4m
2021	2,561	£36.0m	£6.9m	£3.0m
2022	3,071	£43.2m	£8.3m	£3.6m
2023	3,581	£50.3m	£9.7m	£4.3m
2024	4,090	£57.5m	£11.0m	£4.9m
2025	4,600	£64.7m	£12.4m	£5.5m
2026	5,110	£71.8m	£13.8m	£6.1m
2027	5,620	£79.0m	£15.2m	£6.7m
2028	6,130	£86.2m	£16.5m	£7.3m
2029	6,640	£93.3m	£17.9m	£7.9m
2030	7,150	£100.5m	£19.3m	£8.5m
2031	7,660	£107.7m	£20.7	£9.1m
2032	8,170	£114.9m	£22.1m	£9.7m

Source: DTZ

## 4.4 Summary of impacts

The estimated cost of the development is about £950 million over a 18-year period. The main impacts will be those generated by construction, operation and additional housing/people.

The project will sustain 94 FTE jobs in Year 1 and this will increase steadily to reach 647 by Year 18, which it will maintain going forwards.

The long term cumulative net output impact will be just over £50 million a year and the long term Gross Value Added (GVA) impact will be around £26 million per year. This analysis refers to the Edinburgh city region area only.

These figures are based on estimates of actual size of the development, estimates of phasing and multipliers, displacement and leakage levels have been assumed using national

averages. We have used a number of conservative assumptions to attempt to avoid 'optimism bias'.

**Table 4.5 Total economic impact in West Edinburgh**

Year	Net Employment	Net Output (£ million)	Net GVA (£ million)
2015	94	£10	£7
2016	102	£11	£7
2017	146	£14	£9
2018	256	£23	£13
2019	361	£31	£18
2020	335	£27	£15
2021	499	£39	£22
2022	478	£36	£20
2023	495	£38	£20
2024	512	£39	£21
2025	528	£40	£22
2026	545	£42	£22
2027	562	£43	£23
2028	579	£45	£23
2029	596	£46	£24
2030	613	£47	£25
2031	630	£49	£25
2032 - onwards	647	£50	£26

Source: DTZ

## 4.5 Sensitivity tests

Given that we are employing assumptions here in reaching our figures, we varied a number of them to assess a possible range of long term impact of the development. These are stated below.

### Construction impact

- **Leakage:** varied between 40% and 60% against the base figure of 50%.

- **Displacement:** varied between 60% and 90% against the base figure of 75%.
- **Multipliers:** varied between 1.2 and 1.5 against the base figure of 1.4.

#### Operating impact

- **Leakage:** varied between 5% and 15% against the base figure of 10%.
- **Displacement:** varied between 40% and 60% against the base figure of 50%.
- **Multipliers:** varied between 1.3 and 1.5 against the base figure of 1.4.

This provides us with a range of long term impacts for employment, output and GVA, as shown in Table 4.6.

**Table 4.6 Total economic impact in West Edinburgh from 2032**

Scenario	Net Employment	Net Output (£ million)	Net GVA (£ million)
Base	647	£50	£26
High	830	£66	£35
Low	506	£39	£19

Source: DTZ

Based on this sensitivity analysis, we would expect additional net employment over the long term in the area to increase from around 500 to 850 jobs, net output by £40 million to £70 million and net GVA by around £20 million to £35 million.

## 4.6 Conclusions

The estimated cost of the development is around £950 million over an 18-year period. The main impacts will be those generated by construction, operation and additional housing/people.

Under our base case, the project will sustain and additional 94 FTE jobs in Year 1 and this will increase steadily to reach 647 jobs by Year 18, which it will maintain going forward. We believe the long-term impact will at least be around an additional 500 jobs and may be as high as 850 jobs.

Under our base case, the long term output impact, after full completion in 2032, will be over £50 million a year (with a range of £39 million to £66 million) and the long term GVA impact will be around £26 million per year (with a range from £19 million to £35 million).



## 5. Final conclusions

DTZ undertook an analysis of the West Edinburgh area, which considered its inherent socioeconomic strengths and weaknesses. We also undertook an economic impact assessment of the proposal for Edinburgh's Garden District, calculating the additional jobs and output that it will bring to the Edinburgh City region.

West Edinburgh is a key strategic area for the Scottish economy given its geographical location, transport links and relationship with the rest of the city.

However, the DTZ analysis shows that the area has a number of weaknesses and areas of significant deprivation e.g. Wester Hailes. Consequently, there is an opportunity for investment within West Edinburgh that could significantly enhance the economy in the immediate area.

The Investment in the creation of the West Edinburgh development will be almost £1 billion over the life of the project. The main economic impacts will be those generated by the development and its operation.

The project will sustain up to 100 jobs in Year 1 and this will increase steadily to reach 650 jobs by Year 18, which it will maintain going forwards.

For the Edinburgh City region area, the long term cumulative net output impact will be just over £50 million a year and the long term GVA impact will be just under £26 million per year.