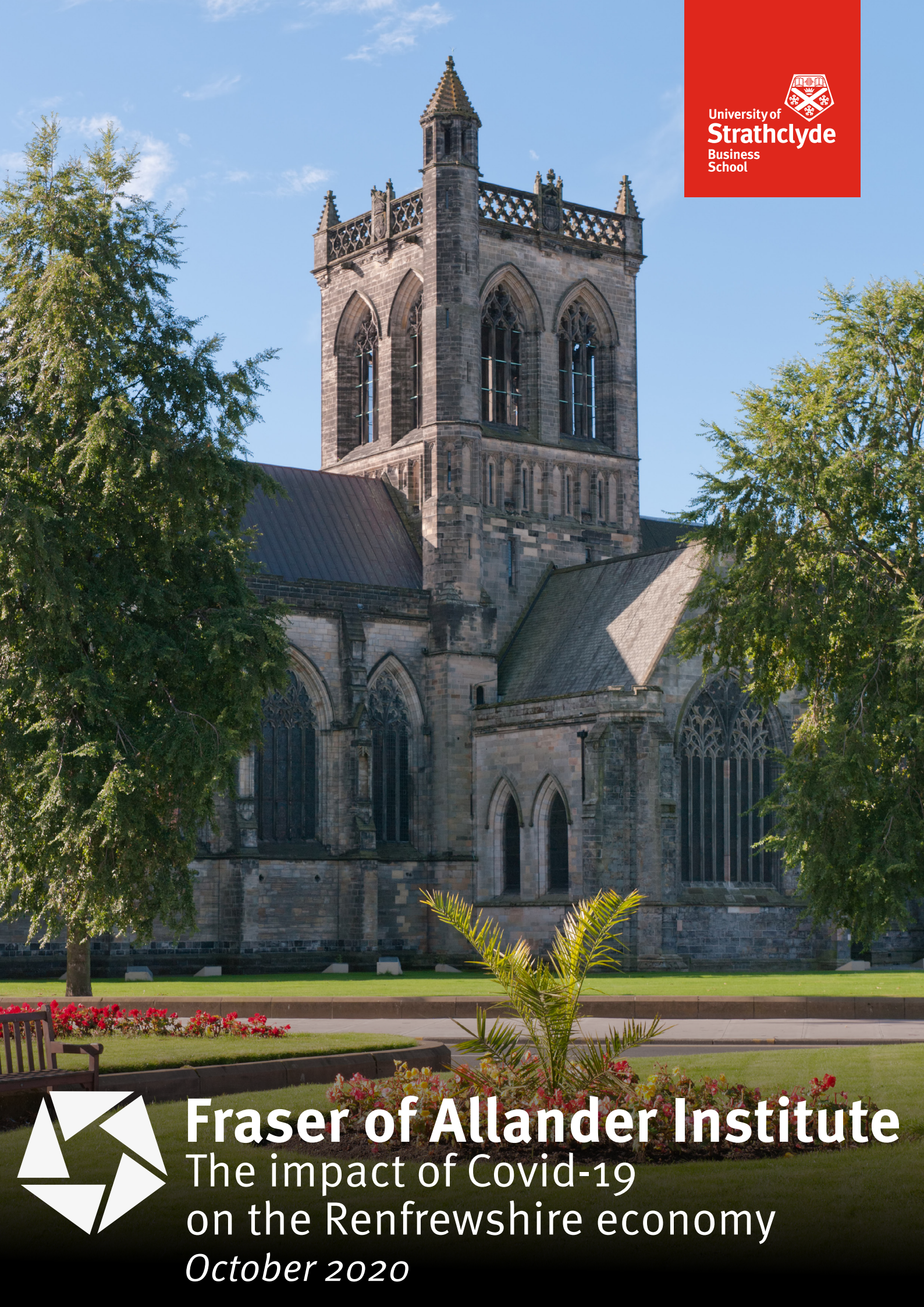




University of
Strathclyde
Business
School



Fraser of Allander Institute
The impact of Covid-19
on the Renfrewshire economy
October 2020

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Disclaimer

The analysis in this report has been conducted by the Fraser of Allander Institute (FAI) at the University of Strathclyde. The FAI is a leading academic research centre focused on the Scottish economy.

The report was commissioned in June 2020 by Renfrewshire Council .

The analysis and writing-up of the results was undertaken independently by the FAI. The FAI is committed to providing the highest quality analytical advice and analysis. We are therefore happy to respond to requests for technical advice and analysis. Any technical errors or omissions are those of the FAI.

Executive Summary

- Renfrewshire is a strong non-city economy in Scotland and a key part of the Scottish economy. It has a strong manufacturing sector and is home to Glasgow International Airport and the University of the West of Scotland.
- Due to the size of the Renfrewshire economy, its own recovery will play an important role in Scotland's economic recovery from Covid-19.
- This report discusses the challenges and opportunities that lie ahead for the Renfrewshire economy. In particular, we focus on the immediate impact of Coronavirus on the local economy and the outlook for the economy in the medium and long term.
- The immediate outlook for Renfrewshire is dominated by the ongoing Coronavirus pandemic. While many of the economic impacts will be short-lived, there is potential for this global crisis to have structural effects on the local economy.
- The UK and Scottish governments have implemented a range of policies to support the economy through this crisis. However, the risk of long-term effects, i.e. from long-term unemployment, could disrupt longer-term economic growth in the Renfrewshire economy.
- Due to its industrial mix, Renfrewshire is anticipated to be worse off than Scotland overall in terms of its economic recovery from Coronavirus: the initial impact will be more severe, and the recovery will be more sluggish.
- At the beginning of September, the Scottish government published their Programme for Government (PfG) which announced £60m investment into a 'Youth Guarantee', promising employment, education or training for 16-24 year olds. While policies like this, and the UK's 'Job Retention Bonus', are welcome, national policies must acknowledge the unique demands of the Renfrewshire economy.
- While we focus on the immediate impact of coronavirus on the local economy, we discuss the virus' impact on the grand challenges to come in the new few years. These grand challenges include: population; economic growth and productivity; poverty and inequality; technological progress; and, climate change.
- Additionally, the EU exit transition period is due to end on 31 December 2020. Our previous work found that external demand from the EU supports around 144,000 jobs in Scotland. Our modelling suggests that 5-6000 of these jobs are supported by activity in Renfrewshire.
- While reflecting on the challenges that lie ahead, we highlight key areas in which Renfrewshire can turn these challenges into opportunities -
 - Harnessing anchor institutions: using higher and further education institutions and the new Advanced Manufacturing Innovation District Scotland (AMIDS), based in Renfrewshire, to foster education and employment opportunities in the local area. This will be crucial in attracting young professionals to Renfrewshire, retaining talent and boosting productivity in Renfrewshire's most productive industry, manufacturing.
 - Retaining young people: using housing and digital connectivity investment and creating inclusive employment opportunities to not only retain young people but attract working age professionals to Renfrewshire to both live and work in the local economy.
 - Green recovery from Coronavirus: improving green public transport provision to create jobs and improve transportation for locals, commuters and visitors.

1. Introduction

Renfrewshire is a large non-city economy in Scotland, home to Glasgow International Airport and the University of the West of Scotland.

It performs well in terms of GVA and population compared to other non-city local authorities.

It has a strong manufacturing sector and a large concentration of industries like transport and storage, and human health and social work.

However, like the rest of Scotland, it faces challenges. Both in the short and long term.

The Coronavirus outbreak represents the greatest public health crisis in a generation. Whilst the immediate health risk for the families impacted is the most important concern, the pandemic will have a significant and potentially long-lasting economic impact.

The ongoing pandemic has had an immediate impact on the economy however, there will likely be long-term implications, both in terms of the economic downturn to follow and the structural effect on the economy, which will shape the outlook for Renfrewshire.

In addition, there are what we call ‘Grand Challenges’ that the whole of Scotland will face in the coming decades. These include: population; economic growth and productivity; poverty and inequality; technological progress; and, climate change.

Coronavirus could make tackling these challenges all the more difficult. For example, the funding needed to combat climate change may be deferred to get us through the economic downturn that we are in. Ultimately resources may be directed towards overcoming the current crisis over the climate crisis to come. However, there are also opportunities. For example, a ‘green recovery’ from Coronavirus.

This report is structured as follows:

- Firstly, we outline the industrial mix of the Renfrewshire economy, discussing trends that have occurred in the past few decades. We then discuss the business base in Renfrewshire and highlight the immediate impact of Coronavirus on local businesses using data from Renfrewshire’s Business Survey.
- Secondly, we model the impact of Coronavirus on economic activity in Renfrewshire and provide scenarios of what the next few years could look like. These scenarios include an optimistic, central and second wave outlook.
- Finally, we outline the grand challenges that the Renfrewshire economy will face in the coming years, highlighting how Coronavirus has influenced these challenges and what opportunities exist for Renfrewshire.

2. Renfrewshire's business base

Industrial mix of the local economy

Renfrewshire is the 10th most populated local authority in Scotland, and is the 6th most populous when excluding Scotland's cities, with a population of 180,000.

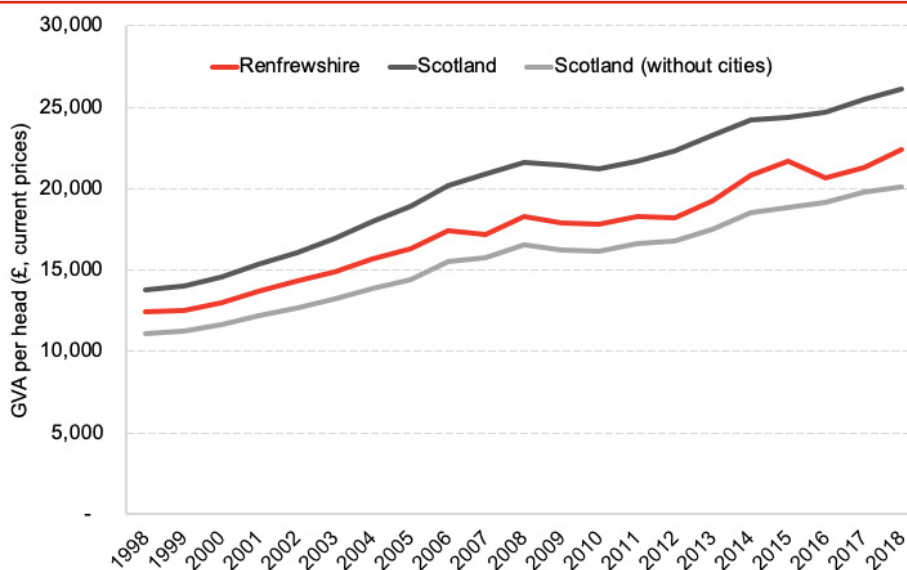
Renfrewshire has a GVA per head of £22,500, almost £4,000 lower than the national figure.

As Chart 1 highlights, the divergence in economic activity between Renfrewshire and Scotland overall has widened in recent years.

However, although Renfrewshire's GVA per head is lower than the Scottish average, cities like Aberdeen, Edinburgh, and Glasgow pull this average up substantially.

Cities are unique in the composition of economic activity and therefore may not be directly comparable to Renfrewshire. Therefore, when you remove Scotland's largest cities (Aberdeen, Edinburgh, Glasgow, Perth & Kinross, Stirling, Dundee), Renfrewshire's GVA per head reveals that it is a well-performing non-city economy in Scotland.

Chart 1: GVA per head, Renfrewshire & Scotland, 1998 – 2018



Source: ONS

Renfrewshire is one of few non-city Scottish local authorities, like Falkirk and West Lothian, that performs well in terms of population growth and economic output. In fact, Renfrewshire makes up a larger share of the Scottish economy than Stirling or Dundee.

While GVA per head is a useful indicator of the economic activity in Renfrewshire, it does not show how much of that activity stays in the local economy.

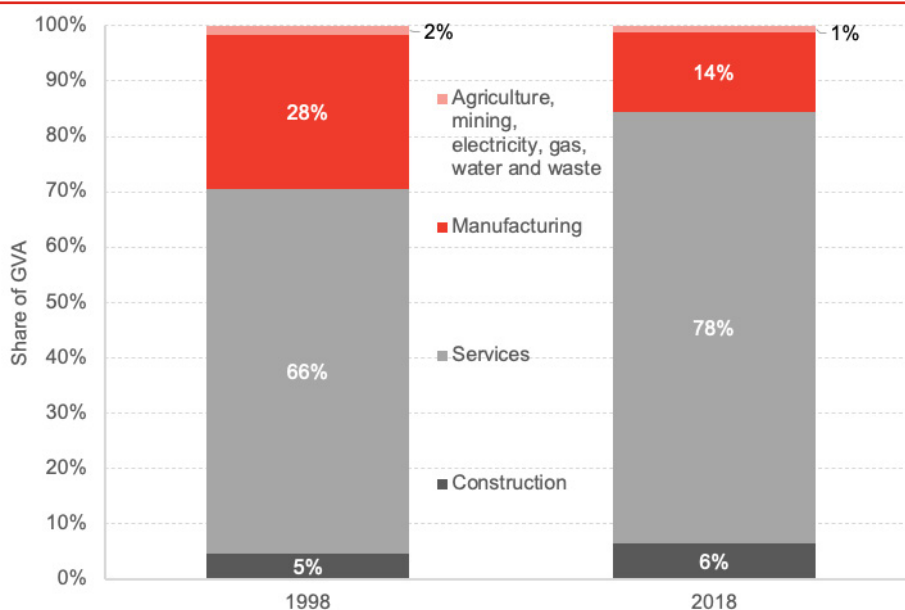
Gross disposable household income (GDHI) is the amount of money that all individuals in the household sector have available for spending or saving after they have paid taxes and received any benefits. Moreover, it shows how much of the added value generated in the local economy actually stays ‘in house’.

GVA per head in Scotland in 2018 was larger by almost £4,000 compared to Renfrewshire. However, GDHI in Scotland was £19,572 compared to £18,775 in Renfrewshire, which is a difference of less than £800 per head. This indicates that Renfrewshire has a higher share of economic activity generated remaining in Renfrewshire compared to the Scottish average. This may also be due to a sizable share of the population who live in Renfrewshire but commute to Glasgow for work.

So, while the economic activity of cities outperforms non-city areas, Renfrewshire performs better than many other non-city areas due to its strong manufacturing base and due to many of its residents working in nearby local authorities in higher paid jobs.

To better identify the challenges surrounding growth in Renfrewshire, we must better understand what drives the economy. Similar to the Scottish economy, the Renfrewshire economy is primarily built upon services, with 78% of GVA coming from this sector, shown in Chart 2. Manufacturing was much more prominent in the past but saw a sharp contraction over the past 20 years as the Renfrewshire economy transitioned more of its output and employment into the service sector. This is in line with trends in the Scottish economy as a whole.

Chart 2: Renfrewshire sector share of GVA, 1998 & 2018



Source: ONS

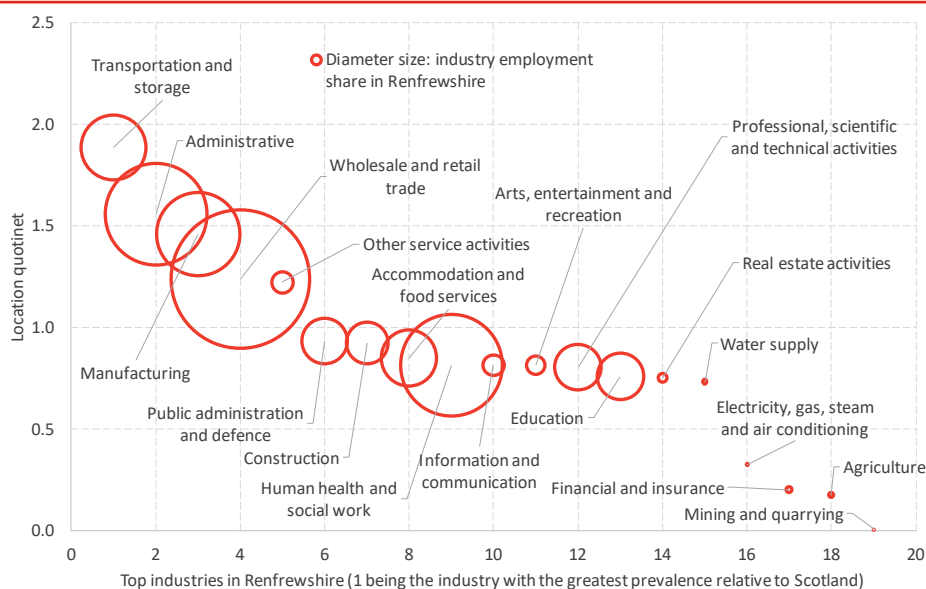
On a more granular level, the industrial mix of the Renfrewshire economy is similar to Scotland (without cities) as a whole in terms of manufacturing, construction, accommodation and food services. However, the local economy differs from the rest of Scotland in terms of wholesale, financial services and administrative activities. Compared to other non-city local authorities, agriculture forms a lower share of GVA in Renfrewshire (1% in Renfrewshire compared to 8% in the rest of Scotland without cities).

On the other hand, despite the decline in the prominence of manufacturing in Renfrewshire over time, it plays a more important role in Renfrewshire than in Scotland as a whole (14% of GVA in Renfrewshire versus 10% in Scotland including cities). The wholesale sector and transportation and storage are also prominent industries - contributing 14% and 9% to Renfrewshire's GVA.

To better understand the makeup of the Renfrewshire economy, we calculated location quotients using the Business Register and Employment Survey. See Chart 3.

Location quotients indicate Renfrewshire's specialist industries relative to the rest of Scotland. They are calculated as the ratio between the local share of employee jobs in a specific industry and the local share of national employee jobs in that same industry. A quotient greater than 1 indicates a greater concentration of an industry in Renfrewshire compared to the rest of Scotland.

Chart 3: Location quotients for Renfrewshire and Scotland, 2018



Source: ONS

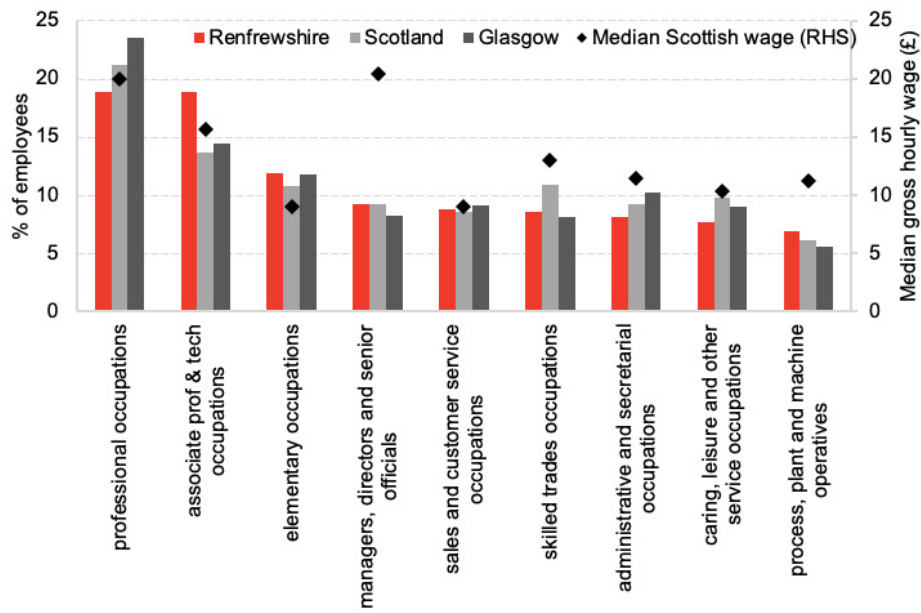
Transportation and storage, which makes up around 9% of the Renfrewshire economy, is the industry which has the greatest employment concentration in Renfrewshire compared to the rest of Scotland.

Additionally, manufacturing makes up a large share of the Renfrewshire economy. The Rolls Royce factory in Inchinnan, which specialises in aerospace engineering and manufacturing, employs around 1,300 people.

The overall employment rate in Renfrewshire was 76% in March 2020, compared to just 74.5% in Scotland. However, Renfrewshire has a slightly lower share of employment in high-skilled and high-paid professional occupations relative to the Scottish average.

The share of mid-skilled jobs (SOC4 – SOC8) in Renfrewshire has fallen from 50.9% of overall employment in 2005 to 45.7% in 2019 (broadly in line with the Scottish average). The share of employment in elementary occupations (SOC9) fell from 13% in 2005 to 10.6% in 2019 in Renfrewshire. On the other hand, the share of high-skilled occupations (SOC 1-3) increased from 35.7% in 2005 to 42.5% in 2019. The share of high-skilled occupations in Scotland is slightly higher at 43.0%.

Chart 4: Employment shares by occupation in 2019, Renfrewshire, Glasgow, and Scotland



Source: ASHE

The occupational mix of the Renfrewshire economy is reflected in the lower wages received by those working in Renfrewshire. Median hourly workplace earnings for all employees working in Renfrewshire were £12.35 compared to £13.37 in Scotland in 2019. On the other hand, the median hourly wage for residents in Renfrewshire was higher than the Scottish average at £13.88. This divergence in the story for residents vs employees in Renfrewshire is driven by the high levels of commuting into Glasgow.

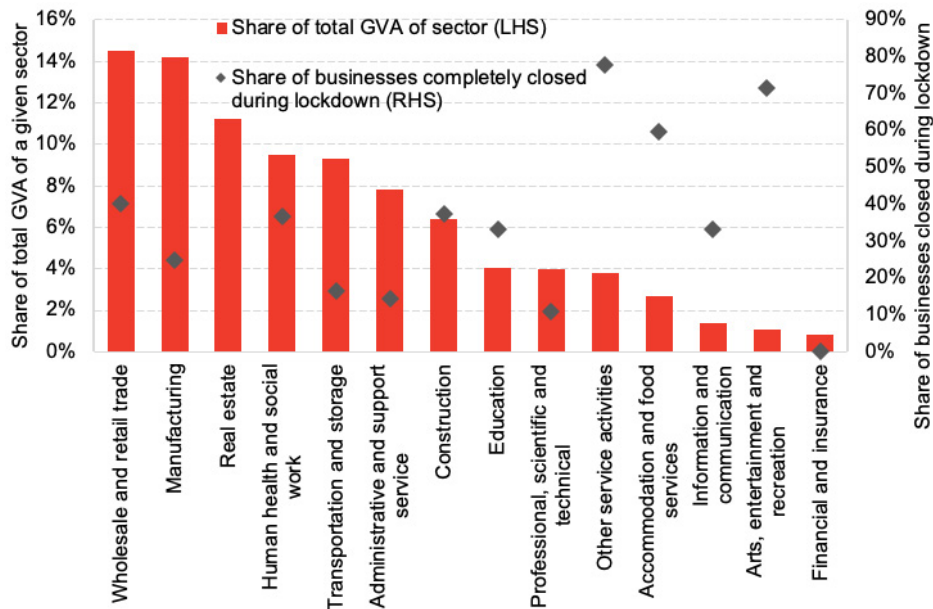
3. The immediate impact of Coronavirus

Renfrewshire council carried out a business survey in Spring 2020. This survey sampled over 500 businesses, providing a representative sample of the Renfrewshire business base. The survey focussed on the immediate impact of Coronavirus on businesses in terms of the effects of lockdown on operations, cash flow and the number of employees furloughed.

The Coronavirus lockdown period has forced most Renfrewshire businesses operating in sectors which rely on ‘social spending’ such as services, accommodation, and arts, entertainment and recreation to close during the lockdown period.

Sectors such as wholesale and retail trade, manufacturing, and human health and social work, which make up a large part of the Renfrewshire economy, have had a slightly lower share of businesses which reported they have completely paused trading during the lockdown.

Chart 5: Share of GVA in Renfrewshire by industry (2018) and share of businesses completely closed during the lockdown (2020)



Note: Some sectors from the Renfrewshire Council Business Survey have been omitted due to the small sample size for that sector.

Source: ONS, Renfrewshire Council Business Survey

The construction, human health and social work activities, and arts, entertainment, and recreation sectors had the highest share of businesses which saw reduced cashflow.

The construction and wholesale and retail sectors had the highest number of firms with issues in their supply chains. The wholesale and retail sector, along with manufacturing, is the largest sector of the Renfrewshire economy and supply chain disruptions are likely to have amplified the negative effect on total output.

Jointly, these pressures and the forced closure of businesses due to government restrictions have contributed to employers having to adjust their utilisation of labour.

Many businesses which have been forced to temporarily close during the lockdown or have seen a fall in revenue have placed workers on furlough.

These jobs are at risk in the future once the furlough scheme starts to phase out. The Job Retention Bonus Scheme aims to prevent this by providing employers with an incentive to keep furloughed workers employed, but it remains questionable whether employers will be able to afford this if lower demand persists in some sectors such as hospitality for a prolonged time.

Furthermore, early data shows that there has already been an increase in the number of universal credit claims across Scottish local authorities - including Renfrewshire. This may be a result of some large employers in Renfrewshire announcing job cuts.

Rolls-Royce is a large employer in Renfrewshire and is dependent on the civil aviation industry. In June 2020 it has announced that it will cut around 700 jobs at its Inchinnan factory. The knock-on effect of Coronavirus on tourism-facing sectors threatens jobs like these. According to the International Civil Aviation Organisation, airline seat capacity is expected to fall by 42% to 50% in 2020 from last year and lower demand may persist in the near future¹. This is likely to translate into lower demand for new aircraft components.

In August of this year we modelled the economic impact that potential job losses in the civil aviation - many in Glasgow Airport - and aerospace engineering - mostly in the Rolls Royce factory in Inchinnan - sectors would have on the Scottish economy.

Our [analysis](#) found that the estimated economic impact of over 2,700 job losses in the civil aviation and aerospace engineering sectors was a £320m loss in GVA to the Scottish economy and a decrease in full-time equivalent (FTE) employment of 4,865 across the Scottish economy².

The economic impact of over 1,200 job losses in the aerospace engineering sector alone, the majority of which were from the Rolls Royce factory in Renfrewshire, was a loss of just under £185m to Scottish GVA and a decrease in FTE employment of 2,530.

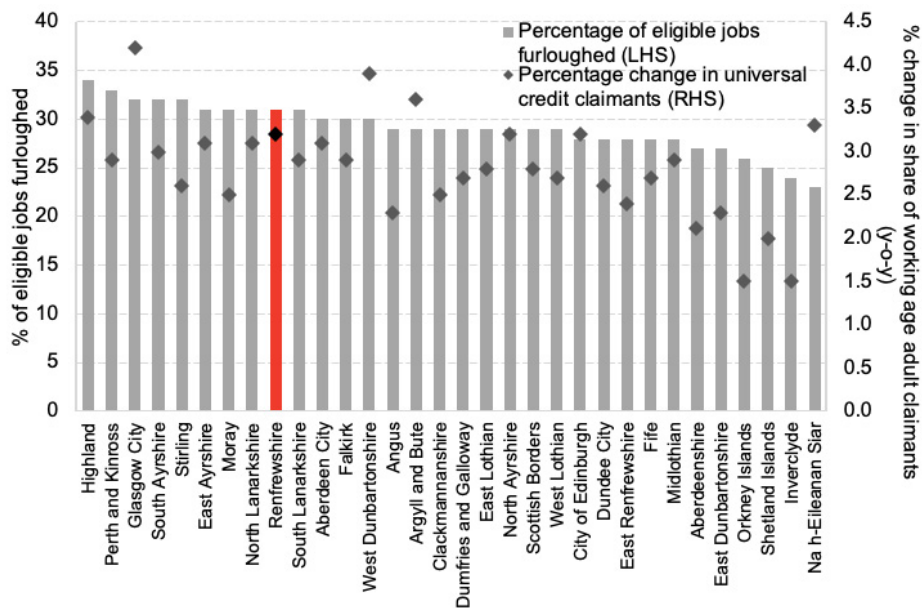
These estimates highlight the importance of these sectors not only to the Renfrewshire economy but to the entire Scottish economy. These results indicate that investment in these areas will provide a decent 'bang-for-buck' both in terms of GVA and employment across the whole country. Overall, investment into these sectors will be crucial for both Renfrewshire's recovery and Scotland's.

The manufacturing industry plays an important role in these sectors. Later we discuss investment into 'Advanced Manufacturing' which could tackle two key challenges - the economic recovery from Covid-19 and the technological challenge that the country is facing and will continue to face in the coming decades.

¹ See [ICAO](#).

² This economic impact goes beyond the civil aviation and aerospace engineering sectors, including the spill over effects across the entire Scottish economy.

Chart 6: Proportion of eligible jobs furloughed and change in the share of working age universal credit claimants across Scottish local authorities, July 2020



Source: HMRC, ONS, NOMIS

At the beginning of July 2020, Renfrewshire had around 31% of all eligible employees on furlough – 1-percentage point (p.p.) higher than the Scottish average. Additionally, the number of claimants in Renfrewshire is up 93% on June last year compared to 98% in Scotland overall.

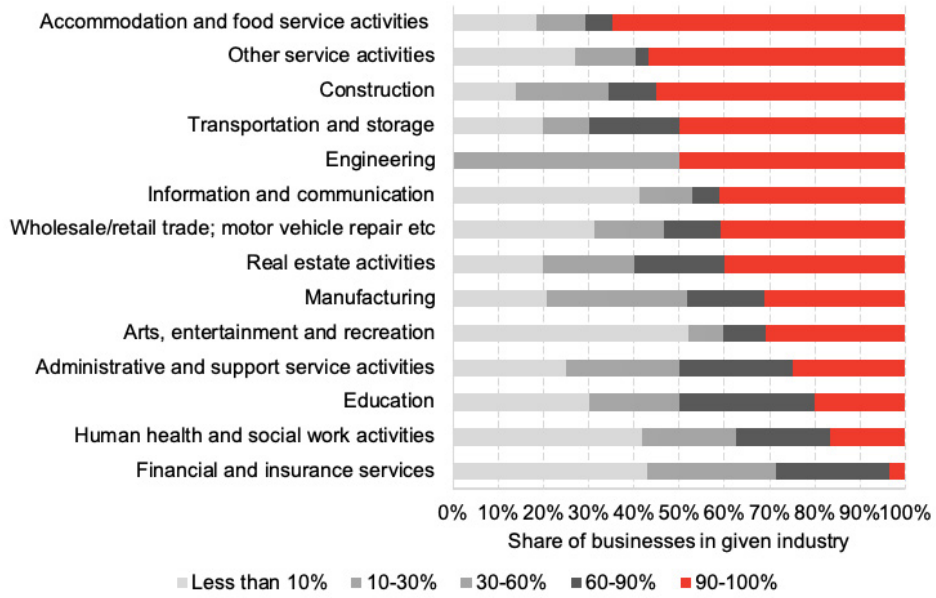
The share of working age people claiming universal credit in Renfrewshire has increased from 3.4% to 6.6% - an increase of 3.2-p.p. on last year. This is slightly greater than the 3.0-p.p. increase across the whole of Scotland

However, some sectors of the Renfrewshire economy were impacted by the lockdown more than others. Accommodation and food service activities, other service activities, construction and transportation and storage were sectors where firms reported high shares of their workforce being put on furlough. Demand in the construction industry may rebound fairly quickly once social distancing measures are lifted and planned works resume.

Furthermore, fiscal stimulus in the form of higher public spending on maintenance and construction projects may further support demand in this sector. As a result, a relatively high proportion of furloughed jobs in the construction sector may be preserved.

On the other hand, demand in the accommodation and food service sector is likely to remain depressed for a prolonged time. Some sub-sectors such as the hotel industry may experience lower demand even for several years. Demand for public transport is likely to remain low too. As a result, furloughed employment in these sectors may be more vulnerable to job cuts.

Chart 7: Proportion of workers on furlough across different industries in Renfrewshire



Source: Renfrewshire Council Business Survey

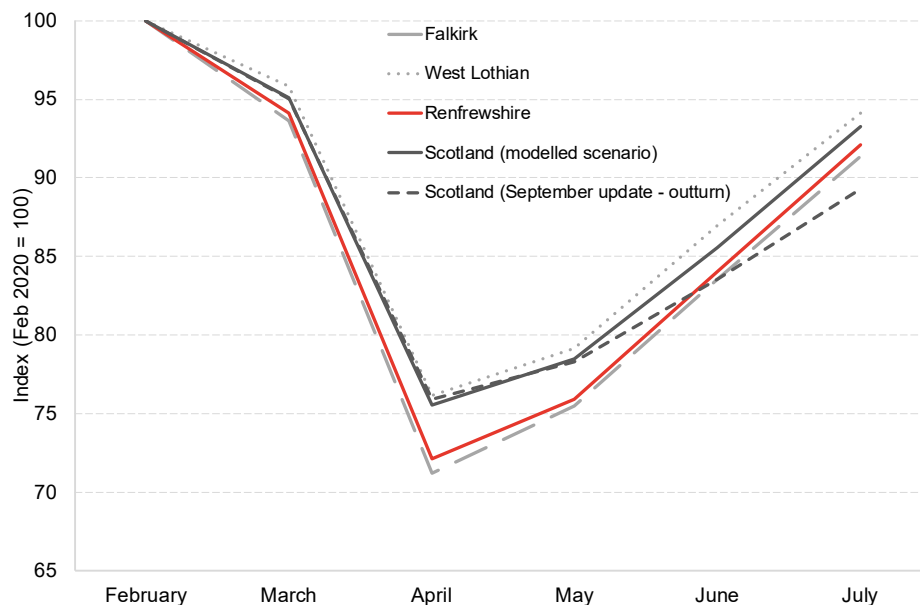
4. Modelling the potential impact of Covid-19 on the Renfrewshire economy

Immediate impact on GDP

Before modelling the potential impact of Covid-19 on the Renfrewshire economy, it is important to discuss where we are now. Like the UK, Scotland is in a recession – the technical definition being two consecutive quarters of negative growth. But how is Renfrewshire doing?

When comparing the hit to the Renfrewshire economy relative to Scotland overall, we can see that Renfrewshire, like Falkirk, has been disproportionately impacted by the ongoing pandemic. See Chart 8.

Chart 8: The impact of Covid-19 on GDP, February-July 2020



Source: FAI calculations

The Renfrewshire economy, like Scotland and similar local authorities, experienced the peak of the recession in April when lockdown restrictions were at their strictest. However, even after some recovery between May and July, GDP in Renfrewshire remains only around 92% of what it was pre-Coronavirus.

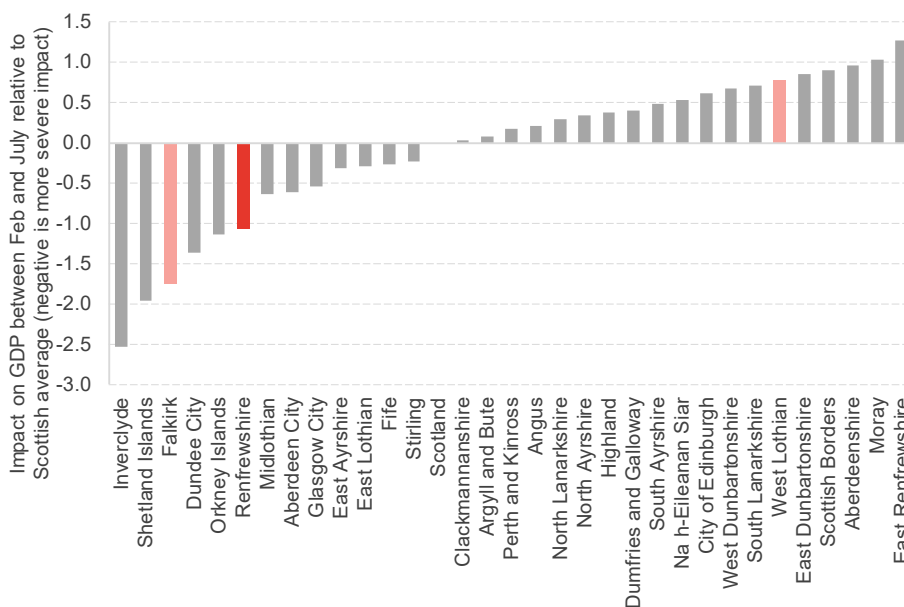
Chart 9 compares the hit to GDP, between February and July, experienced among Scottish local authorities compared to the Scottish average. Renfrewshire was the 6th worst hit local authority, experiencing a decline in GDP around 1.1 percentage points worse than the Scottish average. Falkirk was the 3rd worst hit local authority whilst West Lothian actually experienced less of a decline in GDP relative to Scotland overall.

One of the reasons for the disproportionate impact of Covid-19 on Renfrewshire's, and Falkirk's, economy is its industrial mix. We expand on this in the following section however, Renfrewshire's dominant sectors – i.e. manufacturing, wholesale and retail trade and transportation and storage – were some of the most vulnerable industries to lockdown restrictions and are expected to be among the slowest recovering industries in the coming years.

In contrast, West Lothian has a much smaller transportation and storage industry than Renfrewshire and Falkirk and has a more prevalent professional and scientific industry – one of the fastest recovering industries – than both local authorities.

Therefore, the varying degree of shock to each local economy can be explained by industrial make-up - some industries were able to adapt to lockdown restrictions while others struggled, and some industries bounced back rather quickly as restrictions were eased while others had difficulty.

Chart 9: The impact of Covid-19 on GDP relative to Scottish average, February-July 2020



Source: FAI calculations

Modelling the potential impact of Covid-19 on the Renfrewshire economy

As of the end of June, almost 740,000 people in Scotland have been furloughed and a further 155,000 have received support from the Self-employment Income Support scheme, with this set to continue until the end of October. That is, a total of almost 900,000 workers in Scotland are being supported by the Government.

The latest statistics from the UK Government show an average take up rate of the JRS in Scotland of 30%, with Renfrewshire slightly above this average.

The Government's Job Retention Scheme (JRS) and Self-employment Income Support (SEIS) programme have held unemployment artificially low throughout the height of this pandemic. However, as support from the JRS and SEIS begins scaling back, the number of job losses will climb.

Already, the latest claimant count³ data for June highlights that over 7,500 people are on Jobseeker's Allowance (JSA) and Universal Credit (UC) in Renfrewshire – up 88% since March of this year. As of June, the number of JSA and UC claimants in Renfrewshire accounts for 6.6% of the working age population, 0.4 percentage points greater than Scotland overall.

The Chancellor's summer statement announced further spending in the months to come. This new funding includes the Job Retention Bonus which will incentivise UK employers to keep furloughed staff on. However, it remains to be seen if this incentive is enough for employers to retain their furloughed workers once the JRS ends.

Additionally, it includes the "Kick Start" Job Guarantee Scheme which will support young people, aged 16-24, who are on universal credit for up to 6 months, on minimum wage, in new jobs. The Job Guarantee Scheme is very similar to the Future Jobs Fund, brought in by the Labour government after the Financial Crisis in 2008.

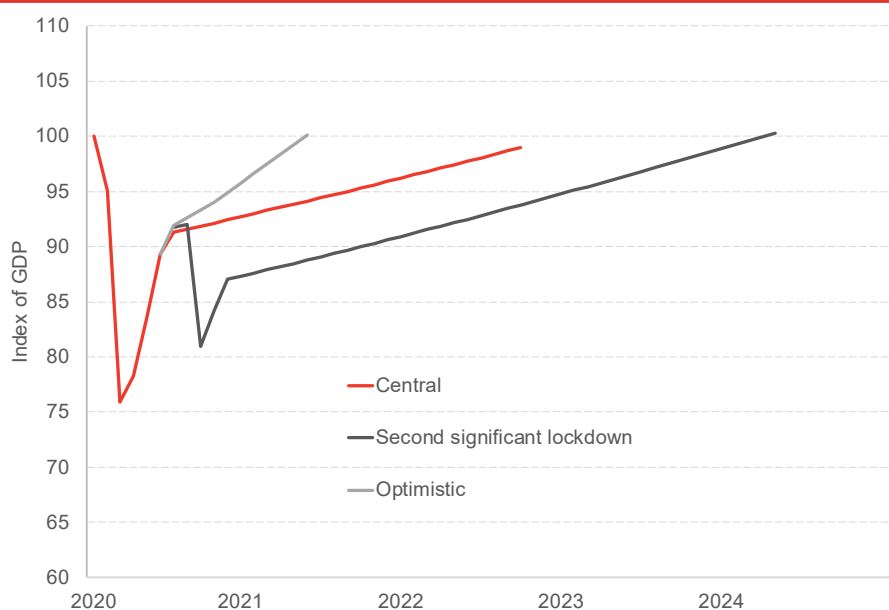
Regardless, the unwinding effects from the Government's schemes leaves many businesses with difficult decisions to be made on the future of their workforce.

As trends have shown in previous crisis', those most affected tend to be at the bottom of the income distribution, due to low paying, non-secure jobs, leaving them more susceptible to the negative impacts of a recession.

Predicting how the economy and labour market will respond when the government support stops at the end of October is difficult. Due to the large amount of uncertainty, including uncertainty around policy measures, we have avoided providing any specific point estimates or central forecasts for the coming years. Instead, we highlight a number of different scenarios for the Renfrewshire economy. See Chart 10.

³ A composite of the number of people claiming Jobseeker's Allowance and those claiming Universal Credit who are required to seek work to qualify for their benefits.

Chart 10: Renfrewshire Growth Scenarios: 2020 to 2024 based upon return to ‘pre-crisis level’



	Trough	Return to pre-crisis level	Recovery time
Optimistic	Apr-20	Jun-21	1 year, 2 months
Central	Apr-20	Feb-23	2 years, 10 months
Second significant lockdown	Apr-20	May-24	4 years, 1 month

Source: FAI calculations

What does it tell us?

From the most optimistic viewpoint, now that some of the key sectors have begun to re-open and some workers have returned from furlough schemes, the recovery could pick up pace relatively sharply.

Provided there is no second spike and subsequent new lockdown, economic activity could gain momentum sharply as consumer demand returns. However, demand in many industries may remain lower than normal for quite some time. Our analysis of the Scottish economy suggests that a ‘v-shaped’ recession is unlikely, and there will be persistent scarring effects left by the pandemic, however, our modelling suggests that there could be a more positive outlook for the economy in the coming months.

Our optimistic scenario estimates suggest that the Renfrewshire economy could return to pre-crisis levels by summer 2021.

In our central estimate, the expectation is that the virus may continue to affect consumer confidence, slowing down any potential recovery for the economy and thus magnifying any effect the crisis may have. Again, like previous recessions, large firms tend to survive given the higher cash reserves held and ability to reduce staffing levels to cope with contracted demand, whilst small businesses struggle, with greater liquidity constraints and lower levels of cash reserves.

In our central scenario, the recovery is slower, with economic activity expected to return to pre-crisis levels by February 2023.

Finally, there is a great deal of uncertainty surrounding a vaccine, a second wave and the economy's ability to cope with a second lockdown. Given the magnitude of the effects from the current lockdown, any extension or reintroduction of lockdown restrictions will only make it harder for the economy to recover. We expect that any potential second significant lockdown could mean that economic activity would not return to its pre-crisis levels until summer 2024 – taking over 4 years to recover.

An important thing to note here is that this is the direct effect of Coronavirus on the Renfrewshire economy, i.e. the hit to economic activity that takes place within Renfrewshire. See Table 1.

Therefore, this does not account for the people that commute into other local authorities – i.e. Glasgow - for work who may lose employment in the coming months. Those commuters who lose their jobs will in turn spend less money in the Renfrewshire economy, lowering Renfrewshire's GDP further.

Table 1: Share of those in Renfrewshire/Inverclyde working (other than from home) in each council area, 2014-2018 (combined)

Place of work	Place of residence Renfrewshire/Inverclyde
Highlands/Islands	0.1
Grampian	0.0
Tayside	0.0
Central	0.6
Fife	0.4
Edinburgh	0.6
Lothians	0.7
Glasgow	13.5
Dunbartonshire/Argyll & Bute	5.5
Renfrewshire/Inverclyde	68.3
North Lanarkshire	1.5
South Lanarkshire	5.6
Ayrshire	3.3
Borders/Dumfries & Galloway	0.0

Note: this is the pre-Covid position.

Source: Transport Scotland

There is also the indirect effect of the change in the way people are working. A large share of the labour force is working from home and will be potentially working from home for the foreseeable. This has forced employers to adapt – changing the way they manage staff, clients and projects.

Much of this change has been supported by technology however, some industries have been able to adapt much easier than others. In some industries, virtual meetings and working from home has been a fairly seamless transition whilst for other industries, i.e. hospitality and tourism, their services predominantly rely on face-to-face interactions with their consumers.

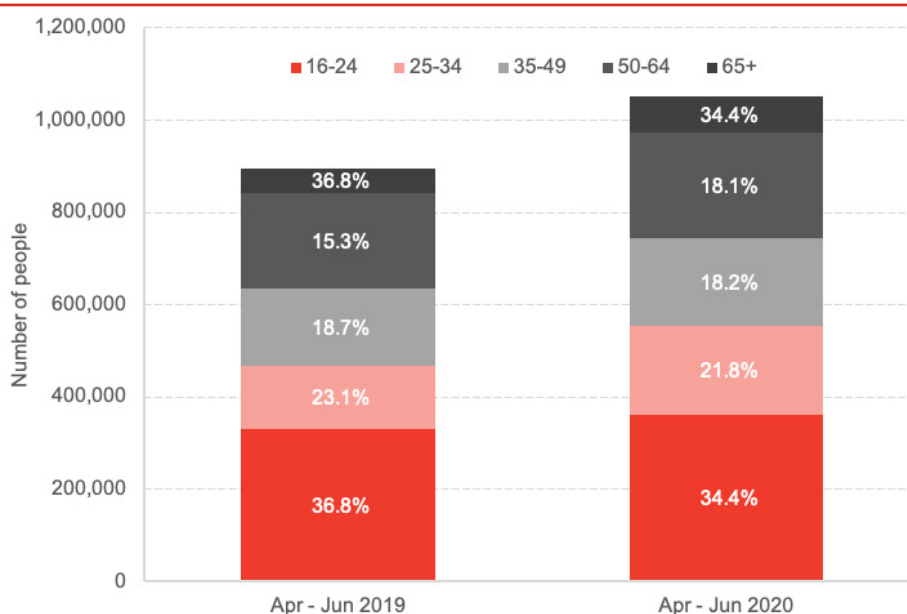
Some workplaces are beginning to allow office working however, much of this is at a reduced capacity – i.e. allowing only a proportion of staff in the office at the time and rotating days in which staff can be in the office to avoid full capacity. This hybrid approach is likely to remain until a vaccine for the virus is discovered and distributed which may be a year or longer from now.

Another indirect effect which could persist over the coming years is wage growth and job security. During the Great Recession many employers cut the wages of their staff to avoid laying as many people off. This is a trend that we may see in the coming months as the furlough scheme is scaled back and employers begin facing difficult staffing decisions.

Typically in recessions the bottom of the income distribution is disproportionately affected. Increases to the National Minimum Wage (NMW) and National Living Wage (NLW) have supported earnings growth at the bottom of the earnings distribution since the Great Recession however, a recent [CIPD labour market report](#) found that the majority of UK employers would support a freeze of the NLW come April 2021.

Additionally, the latest labour market statistics highlight that there has been a rise in the number of people on zero-hour contracts in the UK – rising to over one million workers – which has been driven by fairly young workers (aged 25-34) and workers over the age of 65. See Chart 11.

Chart 11: Number of people on zero-hour contract, by age composition, Apr–Jun 2019 – Apr–Jun 2020, UK



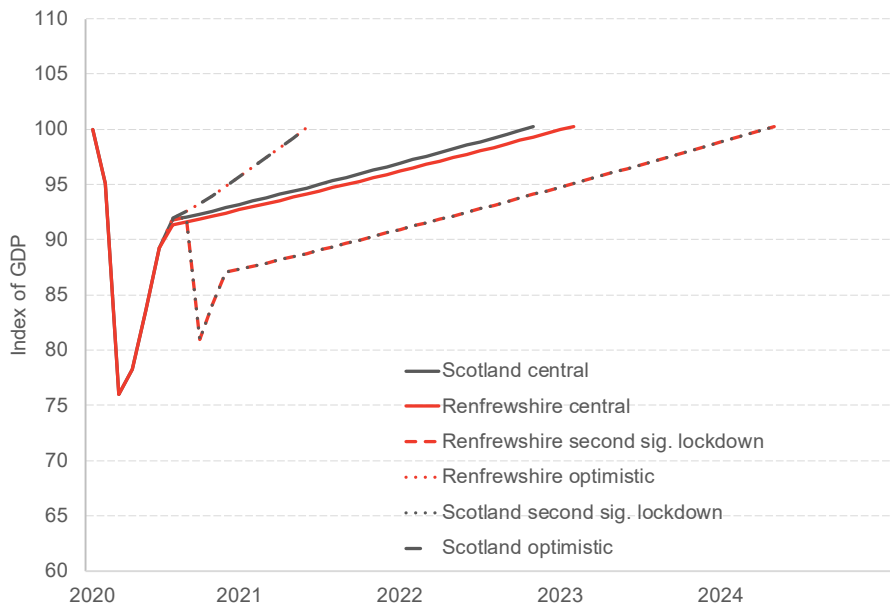
Source: ONS

As we have seen since the recession just over a decade ago, sluggish wage growth and rising precarious employment has serious implications for inequalities and in-work poverty. So whilst the economy may recover from this crisis in terms of economic activity, there could be long-term scarring effect in the labour market.

So, how do the results for Renfrewshire compare to the rest of the country? In our latest quarterly economic commentary, we conducted analysis for Scotland as a whole, finding that even in the most optimistic scenario, it will be around summer 2021 before we see any pre-crisis GDP levels; expanding to summer 2024 if we experience a second significant lockdown.

We compare these results with the modelling results from our Renfrewshire analysis, finding a slower anticipated recovery in Renfrewshire under the central and second wave scenarios. See Chart 12.

Chart 12: Renfrewshire and Scotland Growth Scenarios: 2020 to 2024 based upon return to ‘pre-crisis level’



	Return to pre-crisis level	
	Renfrewshire	Scotland
Optimistic	Jun-21	Jun-21
Central	Feb-23	Oct-22
Second significant lockdown	May-24	May-24

Source: FAI calculations

Our scenarios suggest that in the central case, the Renfrewshire economy could recover slower than the Scottish economy. In the optimistic and second significant lockdown scenarios the recovery time would be similar to that of Scotland.

One of the driving forces behind the differences in recovery time is the industrial mix of the Renfrewshire economy. As discussed in the previous section, the Renfrewshire economy is quite different to the overall Scottish economy in a number of ways. See Table 2.

Table 2: GVA share by industry, 2018

	Renfrewshire	Scotland
Agriculture, mining, electricity, gas, water and waste	1%	7%
Manufacturing	14%	10%
Construction	6%	6%
Wholesale and retail trade; repair of motor vehicles	14%	10%
Transportation and storage	9%	4%
Accommodation and food service activities	3%	3%
Information and communication	1%	4%
Financial and insurance activities	1%	7%
Real estate activities	11%	11%
Professional, scientific and technical activities	4%	7%
Administrative and support service activities	8%	4%
Public administration and defence	8%	7%
Education	4%	6%
Human health and social work activities	9%	10%
Arts, entertainment and recreation	1%	2%
Other service activities	4%	2%

Source: ONS

When looking at the recovery time of various industries we find that, under the central scenario, real estate is expected to be the fastest recovering industry, followed by professional and scientific activities. While Renfrewshire's real estate industry makes up a similar size of the economy relative to Scotland, the latter is much less prevalent in Renfrewshire. Therefore, fast recovering industries are helping drive Scotland's recovery slightly more so than in Renfrewshire.

Some of the slowest expected recoveries are in transport and storage and administrative and support services, of which play a larger role in the Renfrewshire economy than in the overall Scottish economy. Therefore, the industries that are driving Scotland's recovery are much less prevalent in Renfrewshire, and the industries that are taking the longest to recover are those that make up large shares of the Renfrewshire economy. Renfrewshire's industrial mix is therefore the reason why it is expected to recover slightly slower than Scotland overall.

Our modelling does not include the agriculture sector or financial services, both of which make up a much smaller share of the Renfrewshire economy and have bounced back rather quickly according to the latest Scottish GDP data. Therefore, our estimates may be slightly optimistic for Renfrewshire.

5. Grand Challenges

The Renfrewshire economy faces not only the immediate challenges that the Coronavirus pandemic presents, but ultimately faces the same long-term challenges as the Scottish economy over the coming years. Both economies face challenges related to –

- Population
- Economic growth and productivity
- Poverty and inequality
- Technological progress
- Climate change

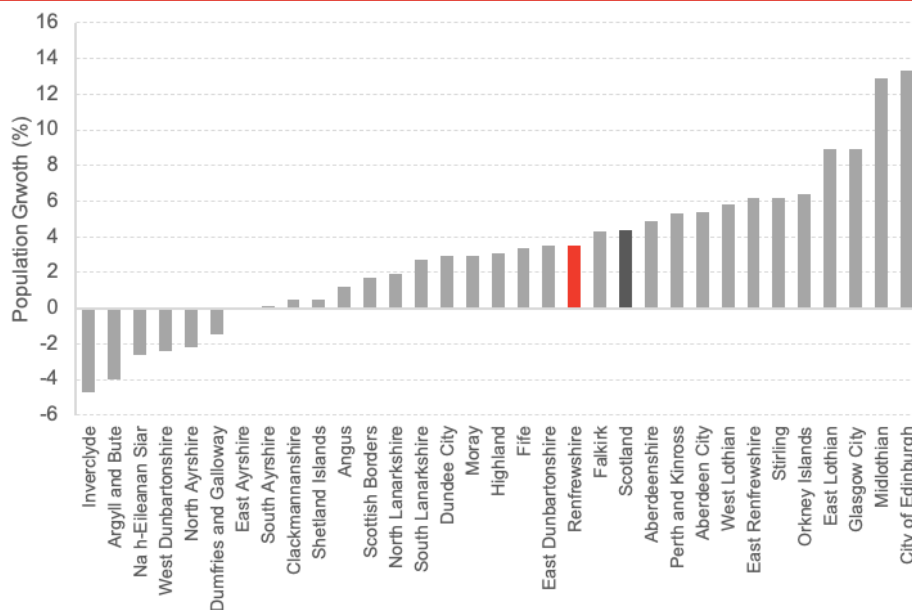
Furthermore, the scarring effects left on the economy by the current crisis may also exacerbate many of the above-mentioned grand challenges, meaning the policy approach chosen to tackle them may change in order to minimise any negative effects they may have.

Population

One of the major challenges facing the Scottish economy over the coming years is the challenge of an ageing population.

The population of Renfrewshire was estimated at under 180,000 in 2019. Chart 13 shows that over the past ten years, Renfrewshire's population has grown by around 3.5%, slightly lower than the Scottish population growth of 4.4%. Between 2010-2014, population growth in Renfrewshire was just 0.3% however, between 2014-2019 population growth picked up, totalling 2.8% over the five years.

Chart 13: Population growth by LA 2009-2019



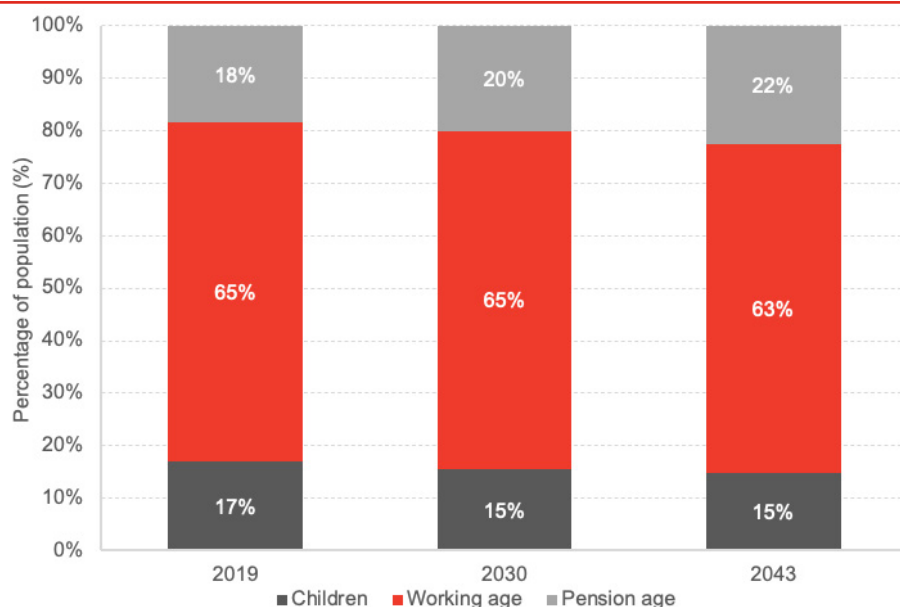
Source: ONS

Median age in Renfrewshire was 43.1 in 2017, compared to 42 in Scotland⁴, signifying a slightly older population in Renfrewshire. Chart 14 shows that the projected age structure of the Renfrewshire population by the year 2043.

Looking forward, the age structure of Renfrewshire over the next two decades will change slightly, with 2043 projections indicating a 4-p.p. increase in the pensionable age population and a 2-p.p. reduction in the working age population. This highlights that the age of the population of Renfrewshire will increase over the coming years. Similar trends are expected to occur across the whole of Scotland in the coming decades.

Ageing populations presents many problems such as a lower number of people in work, however most importantly it can often put more strain on an area’s public finances. Over 75s are expected to increase by over 70% by 2043 and this will inevitably have a significant impact on the care system. However, an ageing population can bring some benefits such as employment opportunities in the care sector.

Chart 14: Age structure in Renfrewshire, 2019 - 2043



Source: NRS

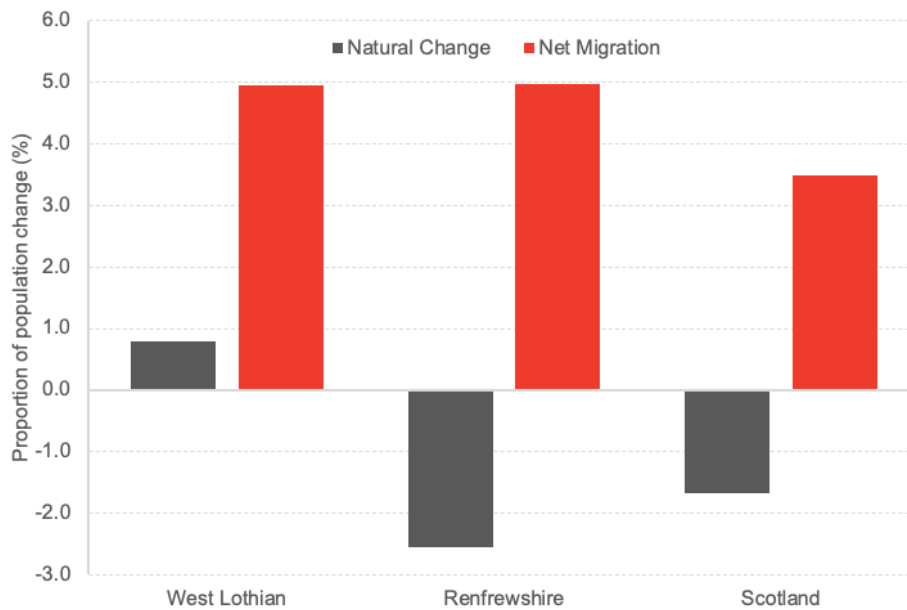
Chart 15 shows that the main contributor to population growth in Renfrewshire over the coming years will be positive in-migration to the area. Renfrewshire is projected to experience negative natural change in population, similar to Scotland.

It was estimated just under 7,000 people migrated into Renfrewshire in 2019, around 3% of the Scotland total⁵.

⁴ See [ONS Median Age FOI](#).

⁵ Source: [NRS Population Projections](#)

Chart 15: Components of Population Growth, Renfrewshire, West Lothian and Scotland, 2018 - 2028



Source: NRS

When breaking down in-migration, around three quarters of in-migration comes from within Scotland. The remainder is split almost equally between rUK and international migration.

The NRS assume that this split of in-migration will be consistent through to 2043, resulting in a projection that Renfrewshire will continue to attract both international and domestic in-migration.

However, this is just a projection of past trends, and may not necessarily be reflective of the policy environment changing on migration, as we expect will happen because of Brexit. This may lead to a lower level of migration than we have seen in the recent past for Scotland as a whole.

So, with in-migration the source of population growth in Scotland, it remains to be seen how this may be affected by any Home Office plans for immigration in a post-Brexit Scotland. With current plans looking at the UK having a similar points-based system as Australia, this has both the potential to attract high-skilled workers to the UK, however may also mean many low- and mid-skilled workers find themselves falling short of requirements.

Renfrewshire, given its make-up of services and its reliance on population growth from in-migration, may face challenges in continuing to attract new workers to the area. It is therefore crucial for the economy that Renfrewshire remains a positive and attractive destination for low-, medium- and high-skilled worker – doing this through the correct provision of good quality housing, local services and strong infrastructure.

Additionally, the true effects of Coronavirus on employment and earnings are only just beginning to crystallise. The Government's Job Retention Scheme (JRS) and Self-employment Income Support (SEIS) programme have held unemployment artificially low throughout the height of this pandemic. However, as support from the JRS and SEIS begins scaling back, the number of job losses will climb.

The new Job Support Scheme announced in September is designed to keep this employment support going but in a new format. Whilst welcome, it is much less generous than the furlough scheme. People will have to be back working and businesses themselves will have to pick-up the majority of the tab. Sadly, not all of them will be able to afford to keep their existing workforce in jobs.

Additionally, the Chancellor's Summer Statement announced further spending in the months to come. This new funding includes the Job Retention bonus which will incentivise UK employers to keep furloughed staff on. Additionally, it includes the "Kick Start" Job Guarantee Scheme which will support young people, aged 16-24, who are on universal credit for up to 6 months on minimum wage in new jobs.

The key for Renfrewshire is to work with national government to help find policies and strategies to retain young talent and highly skilled individuals, whilst also continuing to attract the levels of immigration. These coupled together will help Renfrewshire increase its working age population in the coming decades.

At present, achieving growth in the working age population has been identified as a key challenge facing the Renfrewshire economy within the Council's [economic strategy](#), with interventions including better housing opportunities, boosting private sector investment and marketing Renfrewshire as an attractive destination.

Renfrewshire's local development plan seeks to build 5,000 homes over the next decade. Not only will this enhance the competitiveness of the local economy, but it will also combat the outlined demographic challenge facing Renfrewshire by attracting working age individuals to the area. However, good quality housing must be complemented with good quality town centres, job opportunities and efficient transport infrastructure.

Digital connectivity is another crucial factor in attracting working age people to Renfrewshire. Investing in 5G networks, superfast and ultrafast broadband will be crucial in the coming decades as the demand for enhanced technology increases.

Coronavirus has highlighted the importance of digital connectivity and because of this, Renfrewshire has sped up investment into digital connectivity. In July of this year, Commsworld, partnering with CityFibre, was awarded a £15m contract by Renfrewshire Council to rollout full fibre connectivity to 180 council buildings such as schools, libraries and community centres. This kind of investment will be crucial for the connectivity of school students and young people and will be fundamental to the kind of learning and development they receive.

Additionally, many businesses have found ways to adapt to COVID restrictions, whether that be the switch to home working or an expansion into digital marketplaces. Many of these changes will lead to improvements in productivity that will endure.

These new ways of working likely means an increased strain on digital infrastructure in the next few years which will likely act to further speed up investment into digital infrastructure.

Investment into digital infrastructure will play an important role in Renfrewshire's long-term economic strategy as it tackles both the demographic challenge outlined in this section and the technological challenge discussed later.

The interventions outlined, if successfully achieved, will go a long way in helping Renfrewshire continue to tackle its demographic challenges.

Overall, digital connectivity investment will go a long way in growing Renfrewshire's reputation as an attractive place for people to study, work and live.

Economic Growth & Productivity

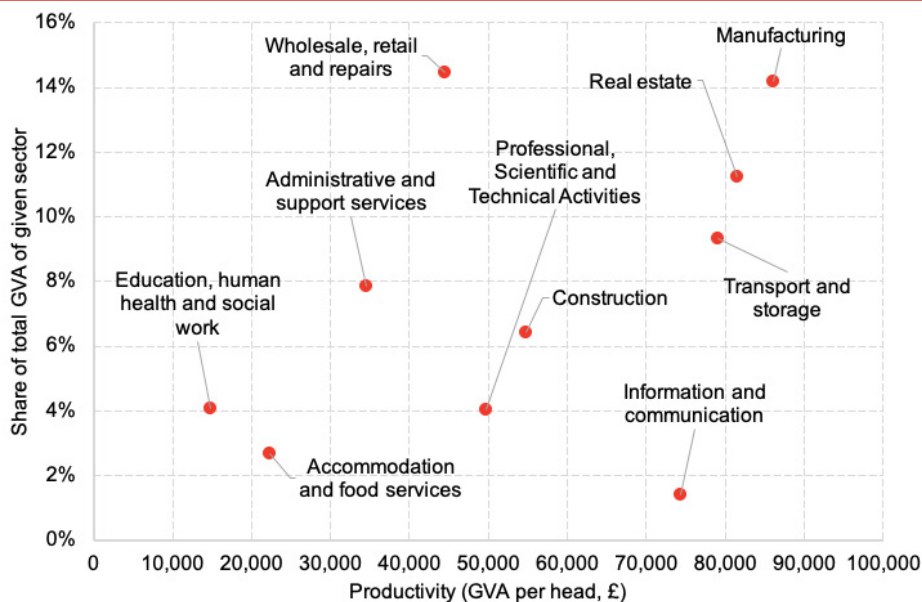
As discussed in previous sections, GVA per head in Renfrewshire is strong when you compare it to non-city local authorities however, it lags slightly behind Scotland overall. Therefore, there is room to improve productivity in Renfrewshire.

As shown in Chart 16 below, manufacturing is both the largest industry in Renfrewshire and is the most productive. A big challenge for this industry, as discussed in the previous sections, is job losses – both those announced and anticipated – and the time that it will take for this industry to recover from this crisis. Job losses can have long-term implications for productivity as the skills of the workforce tends to deteriorate the longer unemployment persists. Additionally, decreased economic activity will directly impact productivity therefore, the longer that it takes for manufacturing to recover, the worse productivity will be.

Due to the size of manufacturing industry in Renfrewshire and its contribution to overall productivity, negative shocks to productivity in this industry will have significant effects on the whole Renfrewshire economy. Due to the exposure of this industry to the ongoing crisis and how important it is to the local economy, investment and support is needed throughout this crisis and will give the biggest bang-for-buck in terms of productivity in the local economy.

Given its already strong manufacturing industry, investment into new manufacturing technologies and methods could also prepare Renfrewshire’s most prevalent industry for the demands of a technology-driven economy and expand its largest and most productive industry. This would tackle both the immediate crisis but also the productivity and technological grand challenges facing Renfrewshire.

Chart 16: Sectoral productivity and share of total GVA in Renfrewshire, 2018



Source: ONS and Scottish Annual Business Statistics

Additionally, the EU Exit transition period is due to come to an end at the end of December. Given the importance of manufacturing to the Renfrewshire economy, and the dominance of manufacturing in our exports to the EU, the deal that is agreed between the UK and EU may have a particular impact in this part of Scotland.

Previous work by the institute has shown that external demand from the EU supports around 144,000 jobs in Scotland⁶. See Table 3.

Table 3: Employment in Scotland supported by sources of external demand, 2015

	EU Exports*
Direct employment	87,300
Indirect employment	33,700
Induced employment	22,900
Total employment	143,900

*Rounded to the nearest 100.

Source: Fraser of Allander Institute

Our modelling suggests that around 5-6000 of these jobs are supported by activity in Renfrewshire. The deals that may be done in particular sub-sectors in manufacturing will be particularly pertinent for the continued investment in Advanced Manufacturing in Renfrewshire.

As we have seen in the business base section, the services sector was the hardest hit in regard to the proportion of employees placed on government furlough schemes, meaning many workers not working and businesses at a standstill. Given the reliance on the services sector, this means that a large proportion of the Renfrewshire economy was effectively on pause for a period of time.

The Covid-19 crisis may inevitably change the way certain sectors such as accommodation & food services, education, and human health operate due to social distancing measures and capacity limits. This may suppress productivity in these sectors, potentially leaving long-term scarring effects.

Innovations in the provision of services in these sectors will be crucial to bring output back to the pre-crisis levels and ensure future economic growth.

In addition to direct sectoral productivity shocks, there is a real risk that physical and mental health will be negatively impacted by the Covid-19 crisis. Whilst the direct health implications of the virus are clear, the impact of lockdown restrictions and working from home on mental health are less so.

Deteriorations of physical and/or mental health will negatively impact productivity in Scotland, and Renfrewshire, and this will remain a challenge until a vaccine is discovered and made available. The way local businesses support their staff throughout this crisis will be fundamental to the mental health of those working in Renfrewshire.

Going forward, there remains a large challenge for the Renfrewshire economy to recoup any GVA lost caused by lockdown restrictions.

Often what is seen during recessions is that those working in lower value, lower skilled jobs do not recover as well as those in higher paying, medium- to high-skilled jobs, therefore the key is to find a way to ensure that those at the lower end of the distribution are still experiencing the benefits of higher economic growth.

⁶ See [Brexit and the sectors of the Scottish economy - Update](#).

Inequality & Poverty

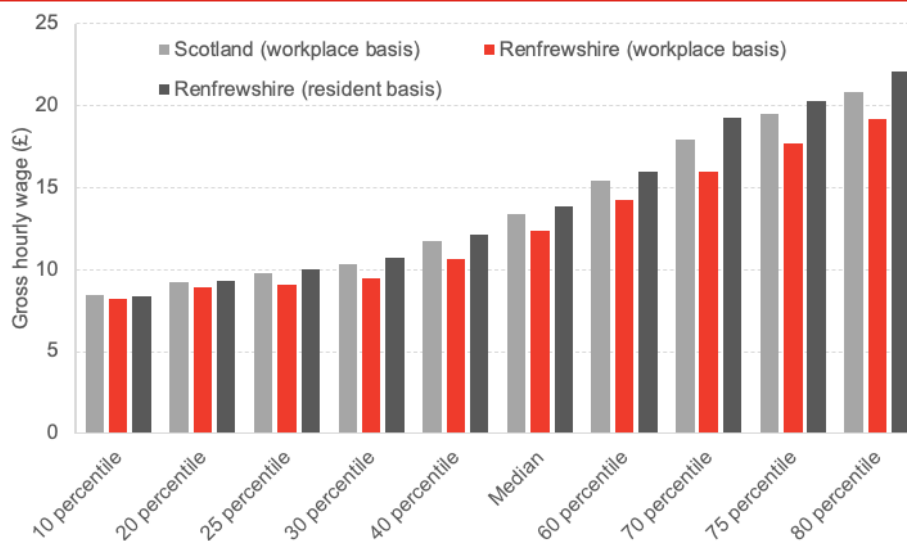
In recent years, there has been a transition by many governments to recognise the relationship between economic growth and inequality, with many governments prioritising ‘inclusive growth’ as a means of distributing the benefits of growth to everyone in society.

Given the current condition of the economy, and based on trends from previous crisis', there remains a real threat that the inequality gap will widen, leaving many more families and people living in poverty.

To understand the longer-term challenges of inequality and poverty, it is important to understand where the inequalities lie. As we discussed in the business base section, there exists large inequalities in earnings in Renfrewshire. For example, in Renfrewshire, on a residence basis, gross annual income for full-time males was £36,323 in 2019, compared with £28,780 for full-time females, highlighting the extent of the gender pay gap in the area.

Chart 17 also shows the large disparities in income between the top and bottom income deciles in Renfrewshire, the differential in gross hourly pay between the bottom 10th and top 80th percentile⁷ was £11 in 2019. It can also be seen that Renfrewshire has lower median gross hourly pay than Scotland across all percentiles on a workplace basis. However, when we look at a resident basis, including people living in Renfrewshire but working elsewhere), Renfrewshire actually has higher hourly wages across most of the wage distribution than the Scottish average.

Chart 17: Median gross hourly pay by percentile, Renfrewshire & Scotland, 2019



Source: ASHE

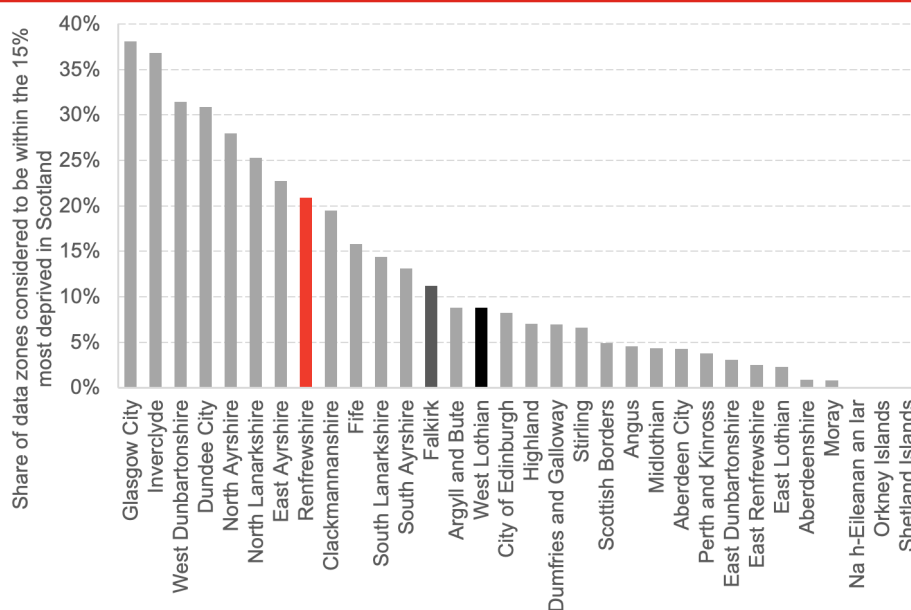
As mentioned in previous sections, the number of people currently enrolled in Universal Credits schemes are also at unprecedented levels.

⁷ Data for the top 90th percentile is compressed due to sample and size and so was omitted.

Given Renfrewshire’s sector make-up, the ensuing crisis we face from the pandemic and subsequent lockdown may worsen existing inequalities, leading to higher levels of poverty. With so much uncertainty around the unwinding effects of the Government schemes, this could mean more families without an income.

With inequality already relatively high in Renfrewshire and Scotland as a whole, the current crisis will continue to drive a wedge between the top and bottom percentiles of earners, broadening inequalities and leaving many households in a worse situation than they found themselves pre-Covid.

Chart 18: Local share of 15% most deprived data zones, local authorities, 2020



Source: SIMD 2020

Renfrewshire is currently the 8th most deprived local authority in Scotland, after local authorities such as Glasgow, Dundee and Inverclyde.

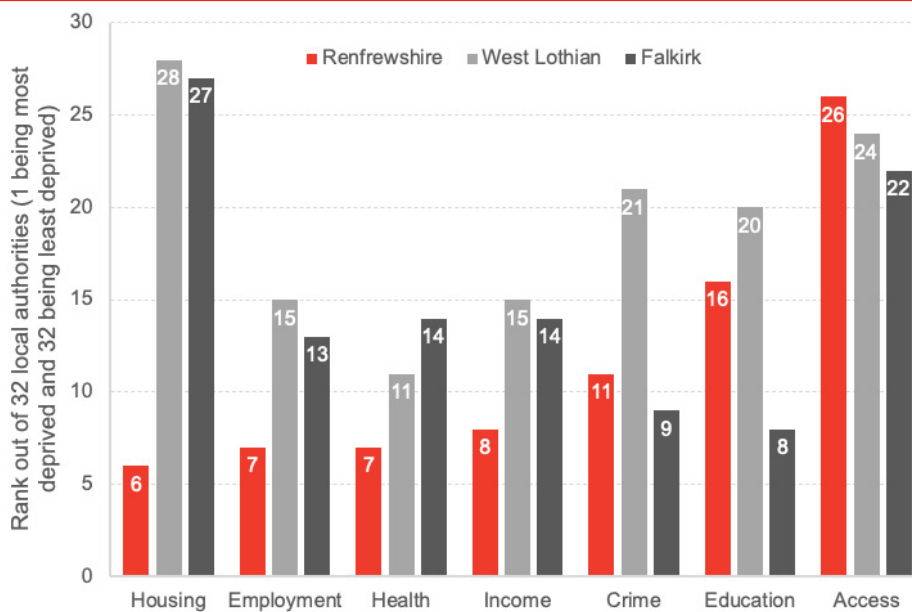
Deprivation across the different SIMD indicators highlight Renfrewshire’s key areas of concern. In terms of: employment, including the percentage and count of those deprived from employment; income, including those dependent on benefits; health, including issues related to alcohol and drugs, as well as emergency hospital stays and mental health problems; and, housing deprivation, including those living in overcrowded households and without central heating.

Renfrewshire has some of the highest levels of deprivation across the country. This is also highlighted when compared to similar areas such as West Lothian and Falkirk and is mainly driven by income, employment, health and housing deprivation. Chart 19.

In terms of housing, Renfrewshire’s local development plan aims to build 5,000 homes by 2030. While this will be a driving force in attracting young professionals to the local area, there must be measures in place to ensure that no one is behind. That is, there must be a focus on affordable housing. Striking the right balance here will be a challenge for Renfrewshire in the coming decades.

Interestingly, Renfrewshire performs much better in terms of education than employment and income. Renfrewshire is fortunate to have UWS and West College Scotland on its doorstep therefore, it has the tools to educate its young workforce. A challenge for Renfrewshire will be retaining young talent. There must be a focus upon creating good quality jobs in the local area so that highly educated graduates do not leave the area for better prospects elsewhere.

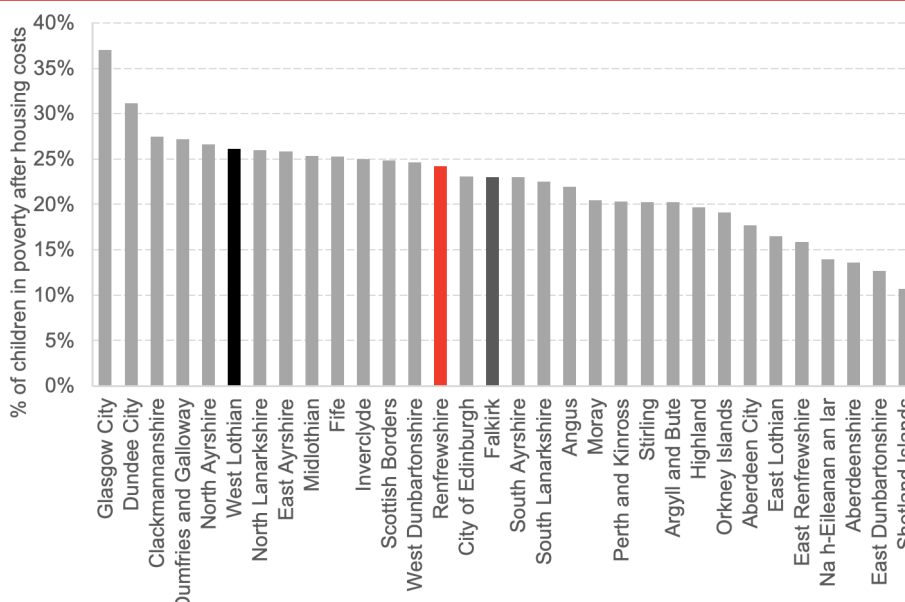
Chart 19: SIMD domains rank, Renfrewshire, West Lothian and Falkirk (1st being most deprived and 32nd being least deprived)



Source: SIMD 2020

One of the big concerns across Scotland is the number of children living in poverty. Once housing costs are accounted for, around 25% of children currently live in poverty in Renfrewshire, around the same as the Scottish average. Chart 20.

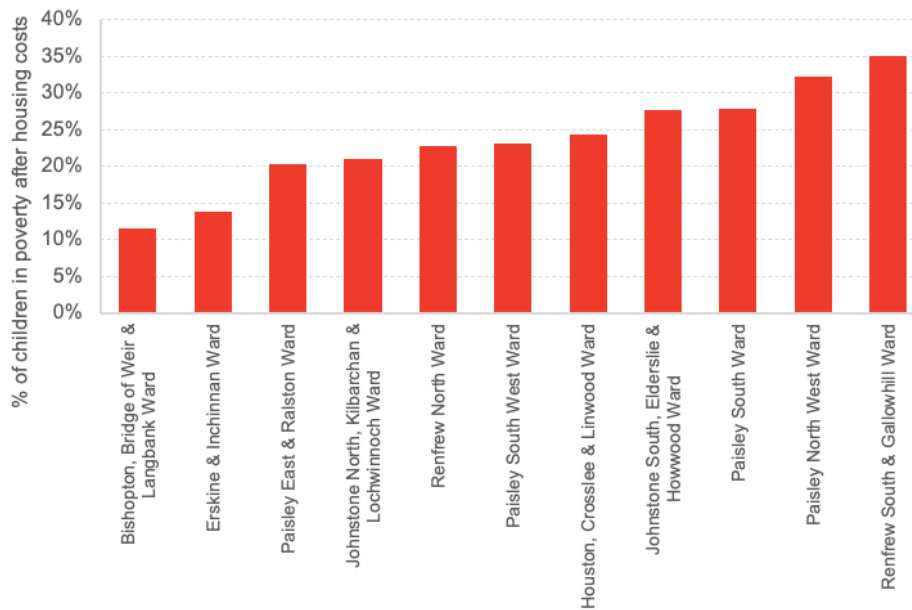
Chart 20: % of children in poverty (AHC), 2017/18



Source: End Child Poverty

When breaking child poverty down further, we can see that within Renfrewshire, the Renfrew South & Gallowhill ward had the highest child poverty rate in 2018. Chart 21.

Chart 21: % of children in poverty (AHC) by Renfrewshire ward, 2017/18



Source: End Child Poverty

It is clear from the economy strategy, and that bringing local education and skills close to the needs of those living in the area has been highlighted as a key challenge for the economy, that the importance of this issue has been acknowledged.

What is important for any inclusive growth process is that those stand to gain the most from it should be included in the creation of it. Finding out what people want and how they think they could benefit from being included in the benefits of higher economic growth is crucial.

However, the ongoing Coronavirus pandemic presents a serious challenge to inclusive growth in that school closures have disproportionately impacted children from poorer households which will have some long-term effects in terms of educational attainment.

The Institute for Fiscal Studies and the Institute of Education carried out [analysis](#) of learning during lockdown in England which highlighted that pupils from better-off households spend 30% more time on home learning than pupils from poorer households.

This figure is likely similar in Scotland and this could have long-term implications for learning and development of pupils from poorer households across the country. All of which has serious consequences in terms of inclusive growth.

Additionally, there has been a strain on household finances during lockdown as children have not received free school meals meaning their parents have had to spend more on food shopping.

History has taught us that during economic downturns the most vulnerable of society are the ones who are affected the most. However, due to the nature of this economic and health crisis, the hit to living standards and educational attainment of deprived pupils has been far more acute than past recessions.

What is evident is that given the identification of inequalities as a key challenge to the economy, which are only set to worsen in the wake of the pandemic, it is more important now than ever before to ensure that all corners of society are included in the recovery.

Technology

We have previously discussed the potential displacement that the current crisis may cause given high job losses and lower number of vacancies. However, displacement may also arise as a result of the advancement of technology and its potential to automate processes.

Technology has had a hugely positive role to play during the current pandemic and ensuing crisis. Whether it be video conferencing software, online retailing or contactless card payments, in the previous 3 months the reliance on and utilisation of technology has increased immensely.

The immediacy of the shutdown of many parts of the economy has meant that employers and employees alike had to rapidly adapt to the available technologies that would allow working from home. This has meant that what was once potentially a 6-year technological advancement project has been implemented in 6 weeks in some cases. As well as this, many employers, once concerned by the productivity problems of flexible home-working practices, are now considering vacation of office premises, with a view to permanent home working.

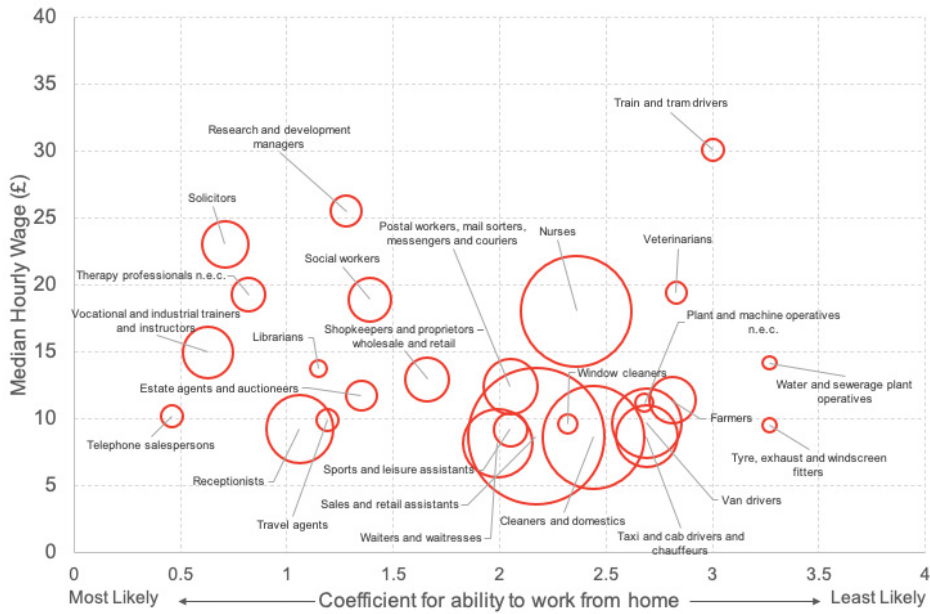
Chart 22 shows the ability of occupations to work from home in relation to their hourly earnings. The diameter size of the circle represents the number of employees in each occupation with larger circles representing larger numbers of employees in that occupation.

The index suggests that some service type roles such as call centre workers and estate agents find it far easier to transition to work from home practices; however other services, due to their nature (such as nurses and plant operatives) are generally unable to work from home.

For Renfrewshire, this presents both opportunities and obstacles. With a large proportion of the economy able to work at home, however, a large proportion also in need of a return to the physical workplace, this means it could be a while before the economy can return to any normal levels.

With the new normal, for at least the remainder of the year, being working from home for most businesses, the key will be providing the appropriate technology and software that allows firms to operate in a similar manner.

Chart 22: ONS Ability to work from home index, UK, 2020



Source: ONS

One of the industries that has had to adapt the most has been the education sector, with all schools, colleges and universities closed, technology has been the integral factor in allowing students to continue their education.

Renfrewshire is home to the University of West of Scotland, ranked in the top 150 of the Times higher education young university rankings and home to 19,900 students and 1,385 staff⁸. In particular, the Paisley Campus of the university is situated in Renfrewshire, with around 10,00 students studying there, with other campuses in Lanarkshire, Ayr and London.

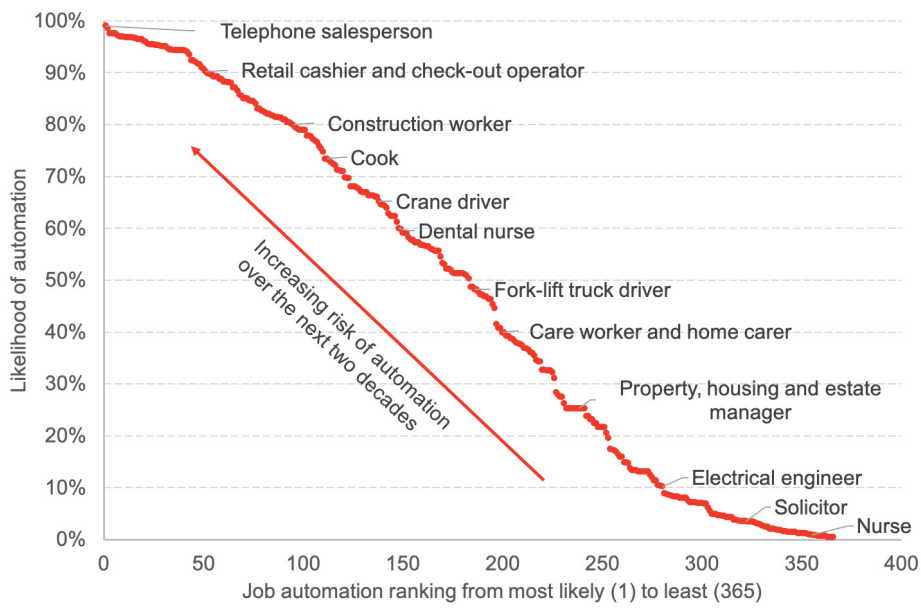
Like most universities across the country, the upcoming academic year will provide challenges in delivering high quality degree programmes whilst maintaining social distancing through limited face-to-face contact. Many universities have taken the decision to either move all teaching to an online format or have adopted a hybrid approach offering online teaching and limited in person teaching, with UWS following the latter.

In the longer term, one of the most prominent arguments surrounding technology has been its ability to automate and potentially displace human jobs. In Scotland, around 3 in 10 jobs are believed to be at risk from automation in Scotland.

Chart 23 shows the likelihood over the next two decades of certain jobs being automated in the UK. Given the industrial make up of Renfrewshire, the jobs shown at higher risk present potential challenges for Renfrewshire.

⁸ See [UWS Annual Review 2018-19](#).

Chart 23: Likelihood of automation in the next two decades, UK



Source: BBC News, Oxford University, ONS

Of course, the further advancement of technologies will reduce jobs but will also create employment opportunities. With further and higher education institutions on its doorstep, Renfrewshire is in a strong position to upskill, retrain and educate both young people and midcareer workers to prepare them for the demands of a technology-driven labour market.

Another part of the economy that will be vital to Renfrewshire’s economic growth in the coming decades, and will demand significant upskilling and retraining of the local workforce, will be the manufacturing sector.

As discussed, manufacturing is already the most productive sector in the local economy and a new way of manufacturing, known as ‘Advanced Manufacturing’, will be crucial in transforming Renfrewshire’s manufacturing sector into Scotland’s leading manufacturing hub, known as the [Advanced Manufacturing Innovation District Scotland \(AMIDS\)](#).

Advanced manufacturing uses cutting edge technology to manufacture goods, resulting in a more efficient and intelligent production process. AMIDS is home to the [National Manufacturing Institute Scotland \(NMIS\)](#) which seeks to develop Renfrewshire’s already strong manufacturing sector. NMIS is described as “a place where industry, academia and the public sector work together on ground-breaking manufacturing research to transform productivity levels, makes companies more competitive and boost the skills of our current and future workforce”.

Last summer, the [Lightweight Manufacturing Centre](#) opened in Renfrewshire as part of the first phase of the NMIS and in May of this year the Scottish government announced a further £20m investment into NMIS. The scale of investment into these advanced technologies should place Renfrewshire’s manufacturing sector in a stronger position to back Scotland’s economic recovery from Covid-19.

Overall, there are huge opportunities in the advanced manufacturing industry and investment in this area will not only be crucial in Renfrewshire, and Scotland’s, recovery from Covid-19 but will also be fundamental in tackling the technological challenge facing the economy.

Climate Change

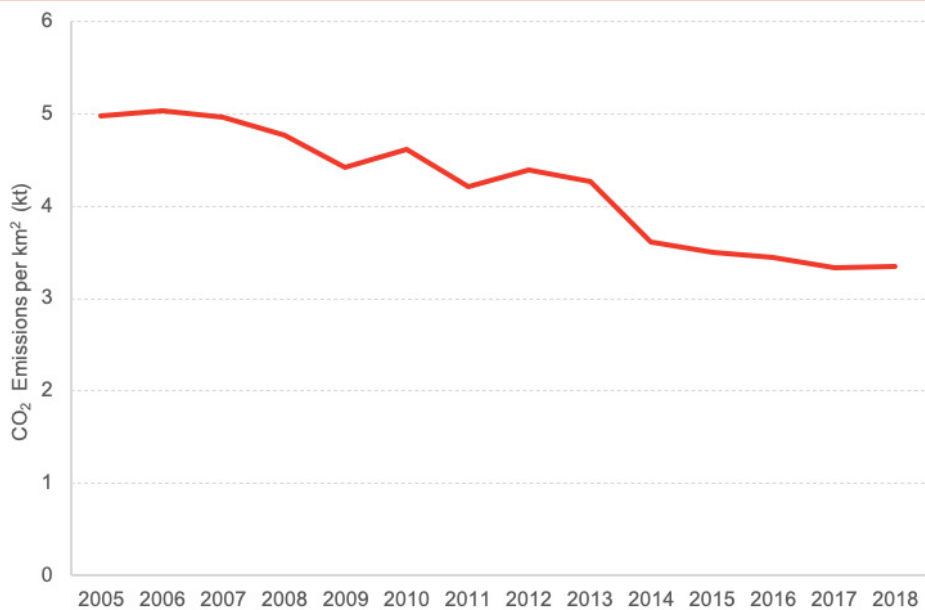
In recent years, there has been far more pressure on governments to place the environment at the forefront of any policy decisions. With many businesses now operating on a work from home format this has meant there are less cars on our roads, reduced public transport and aviation - leading to significant improvements in environmental issues faced pre-Coronavirus.

However, like the rest of Scotland and the UK, measures that were once in place to aid environmental issues such as reduced single use plastic usage and increased use of public transport, may suffer in the coming months or years, given the heightened health and safety measures resultant from the pandemic.

Nevertheless, the environmental benefits occurring from the current pandemic, have prompted many to encourage governments to prioritise a 'green recovery' in any economic recovery plan.

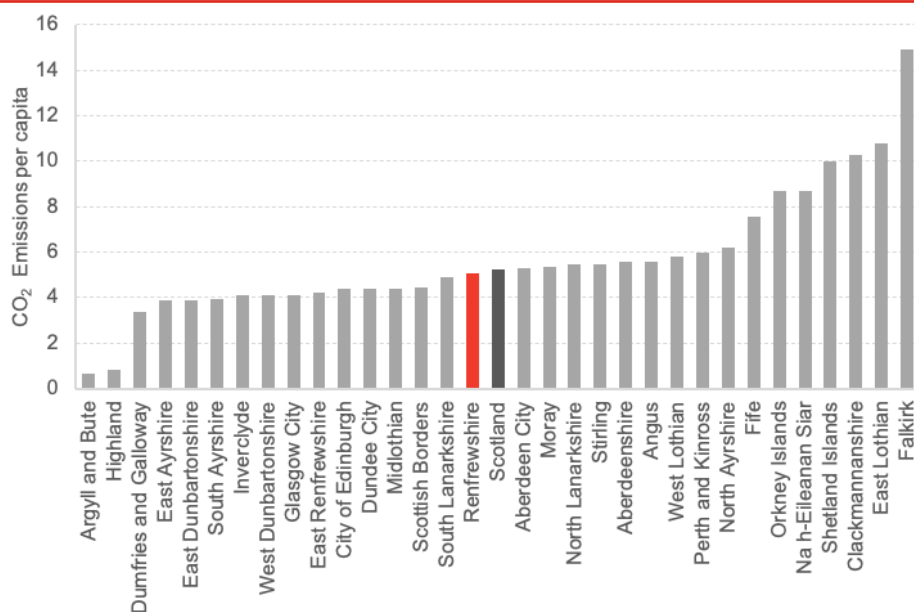
As the Scottish Government strives for the target of net zero by 2045, this continues to require the work of all local authorities to achieve this. Of course, given that Renfrewshire is home to Glasgow International Airport, it has potentially a larger role to play in helping achieve net zero. Chart 24 shows that since 2005, CO₂ emissions per km² have gradually decreased in Renfrewshire.

Chart 24: CO₂ emissions per km², Renfrewshire 2005 – 2018



Source: Scottish Government

Chart 25: CO₂ emissions per capita by Local Authority, 2018



Source: Scottish Government

The challenge for Renfrewshire is to ensure that it helps national government to ensure the reversal of the pre-pandemic environmental issues does not occur as the economy reopens. Given the uniqueness of Renfrewshire, and the fact it is home to an international airport, there is significant challenges ahead in continuing to keep emissions low.

Recently, there has been discussion and plans around the airport and a new metro system, linking the airport to nearby Paisley Gilmour Street; with further plans to expand further east to include the manufacturing district, Renfrew town centre, Braehead and the Queen Elizabeth University Hospital.

At present, public transport in Renfrewshire mostly relies on bus travel, particularly in Erskine, Inchinnan and Renfrew. Travel infrastructure, again, has been identified as a key challenge to the Renfrewshire economy within the economic review, with technology playing a huge role in turning Renfrewshire into a transport hub.

Good transport links will play a crucial role in developing the Renfrewshire housing market and attracting young professionals to the area – two necessities for tackling many of the challenges, i.e. ageing population, inequalities, and economic growth, outlined in this report.

A new, potentially electric metro or tram system could be a significant investment for Renfrewshire, providing a clean method of connection for commuters, visitors and those travelling from Glasgow Airport.

6. Conclusions

Renfrewshire is a strong non-city economy in Scotland and a key player in the Scottish economy. Due to its industrial mix, we anticipate that its recovery from the ongoing pandemic will take longer than Scotland overall. We have discussed some areas of investment, i.e. in advanced manufacturing, that will not only support Renfrewshire through this crisis but also aid the Scottish recovery. Due to the size of the Renfrewshire economy, it will play an important role in the country's economic recovery.

But Coronavirus is not the only challenge that lies ahead for Renfrewshire. We outlined five grand challenges that the whole economy will face in the coming decades and we highlighted key areas in which Renfrewshire can turn these challenges into opportunities –

Harnessing anchor institutions: higher and further education institutions and AMIDS

Renfrewshire is fortunate to have higher and further education institutions on its doorstep. Harnessing these types of education resources can help bridge the gap between the skills demand of employers and the skills of the labour force; which will be a critical issue as technological change advances further over time.

Coronavirus has forced a lot of universities and colleges to transition to online learning prematurely however, remote learning can improve accessibility of education and extend the reach of learning to a greater audience. Moving forward, online lectures and tutorials could provide a more flexible way of learning and teaching that could prove to be beneficial in the coming years given the upskilling, midcareer training and retraining that a technology-driven economy will demand.

With the development of AMIDS coming along, Renfrewshire has the potential to be the advanced manufacturing hub of Scotland. Two decades ago, manufacturing accounted for a much larger share of the Renfrewshire economy. This new way of manufacturing will not bring back old manufacturing jobs that have been lost but instead bring manufacturing into the current technological-driven era that we are in, creating new jobs. This requires retraining, upskilling and educating the workforce of Renfrewshire which makes having higher and further education institutions in the local area all the more beneficial. Renfrewshire has opportunities to not only educate people living in the area to a high standard but also to offer them employment opportunities once they are qualified.

Retaining young people: housing investment and employment opportunities

Our population is ageing and, with the Brexit deadline looming, in-migration – which supports working age population growth – could suffer in the coming years. Renfrewshire needs to retain its young workers but also attract new workers to the area. Appealing to young professionals and young families will require having good housing, reliable local services and attractive community areas in place.

The Scottish Government's economic strategy sets out a goal of achieving economic growth that is inclusive, through fair work, well-paid jobs, skills development and career progression. Renfrewshire is faced with a productivity challenge and there is serious income and employment deprivation in the area. Inclusive growth can kill two birds with one stone here. Well-paid, useful jobs that foster learning and progression are far more conducive to productivity growth than low-skilled, low-paid jobs. Economic recovery from Coronavirus that is inclusive can therefore improve employment opportunities, encourage productivity growth and improve the living standards of the people of Renfrewshire.

Additionally, housing investment is crucial in attracting young professionals and avoid talented people leaving the local economy. However, there must be a focus on affordable housing to tackle housing inequalities and promote inclusive growth. Good quality housing must be accompanied by good quality town centres and strong digital infrastructure. Investment is already in place to develop Renfrewshire's digital connectivity and reliance on fibre connectivity has been clearly underlined during the pandemic meaning increased digital investment is likely in the coming years.

Green recovery from Coronavirus: improving public transport provision

Good quality housing and town centres are fundamental aims of Renfrewshire's 2020-2030 economic strategy and supporting these require proper, clean transport infrastructure. Improved public transport provision, particularly rail transport, between Glasgow International Airport, Paisley town centre and AMIDS will be crucial for inclusive and sustainable long-term economic growth in Renfrewshire.

A recovery from Coronavirus that fosters economic growth whilst tackling climate change should be bespoke for each local authority and dependent on their infrastructure and resources. Large parts of Renfrewshire, i.e. Erskine, Inchinnan, Renfrew, depend solely on bus travel if they need public transport. Therefore, investing in the infrastructure for clean modes of transportation could create jobs and economic growth but also provide cleaner ways to commute and travel for Renfrewshire's residents, workers and visitors.

Fraser of Allander Institute

University of Strathclyde
199 Cathedral Street
Glasgow G4 0QU
Scotland, UK

Telephone: 0141 548 3958

Email: fraser@strath.ac.uk

Website: fraserofallander.org

Follow us on Twitter via @Strath_FAJ

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