Overcoming the economic challenge: How resilient is Glasgow?
Glasgow has come a long way since the number of unemployed people reached nearly 50,000 in 1992. In the midst of the current recession unemployment is approaching 25,000 people and whilst expected to rise further, it is inconceivable that it will reach the levels previously experienced.

Over the past year, communities across the UK have felt the impact of the economic recession. The downturn has affected people working in every sector of the economy and resulted in higher unemployment and increased worklessness.

Reed in Partnership has been working in Glasgow for eight years. In that time we have helped nearly 20,000 people move from benefits into employment. We are proud of the difference we have made and of our contribution to helping people become more independent. Through our local offices in Glasgow we are seeing at first hand the impact of the recession as more people register for our services.

In this report we look at the impact the recession is having on Glasgow, the resilience of the local economy and the additional steps that can be taken to help the city emerge from the recession without substantial increases in unemployment. The findings are based on research into the impact of the recession and a survey of local businesses.

I am delighted that we are working with the Chamber of Commerce on the Keep Glasgow Working campaign which aims to help businesses through the current recession. We hope that the report will help to start a debate – not just about where Glasgow is today but where we all want the city to be in the future.

Tom Millar
Director of Operations (Glasgow)
Executive Summary

Economic progress

1. Between March 1992 and March 2008, the number of unemployed people in Glasgow fell from 48,514 to 14,374 - a reduction of 34,140. This shows the dramatic progress that has been made and reflects the success of the regeneration programmes that have been put in place.

2. Despite this, one of the factors that has held the city back is that too much of Glasgow’s job growth has tended to be in lower-skilled jobs, compared to its more successful rival cities.

3. The report identified three core issues that have held back the economic progress of Glasgow which include basic skill levels, entrepreneurial activity and entrenched levels of worklessness.

4. Glasgow has a higher share of people educated to degree level than the British average, yet almost as many people have no formal qualifications. The issue of skills is one of the real structural problems affecting the future growth of the economy in Glasgow.

5. The city has seen significant progress in terms of job creation, but still lags behind competitors in terms of entrepreneurial activity. It is estimated that there is a gap of up to 5,000 businesses in the city. The focus on encouraging entrepreneurial activity and self-employment should be a major feature of the plan for Glasgow over the next five to ten years.

6. Pockets of high deprivation and generational worklessness still remain, with rates in some of the worst-performing neighbourhoods considerably above the city region. To be effective in tackling this problem there is a need for a multi-agency approach to both raise skills and provide access to training and assistance with job searching.

Economic resilience

7. There had been some initial optimism that Glasgow would be partially insulated against the economic downturn. However, monthly increases in the number of JSA claimants went up by 900 between October 2008 and November 2008, 650 between November and December, 1,400 between December and January, and 2,000 between January and February. This represented an increase of 1.2% in just five months.

8. Since February 2009 the rate of unemployment has increased at a lower rate, rising by an average of 600 per month from March to August 2009.

9. Hosting The Commonwealth Games in 2014 will provide a real opportunity to drive forward the physical regeneration of Glasgow and assist with job creation.

Views from the city

10. Our small survey of businesses in the city shows that there are still employers who are recruiting at the current time.

11. In the survey, 43% of businesses said Glasgow was holding up pretty well compared to the rest of the UK, 30% said they thought there would be no difference in impact between Glasgow and the rest of the UK and just 17% of businesses believing that Glasgow was being harder hit than the rest of the UK. The results from the survey demonstrate that some employers feel that the city is proving resilient.

12. A full set of recommendations is included on pages 15-16.
Glasgow is Scotland’s largest city and a major contributor to the nation’s economy generating over £13bn Gross Value Added each year and supporting over 400,000 jobs. There are over 12,000 employers in the city which includes one-quarter of Scotland’s largest businesses.

The credit crunch and the global recession have had an impact on communities across the UK. In previous recessions Glasgow was particularly hard hit through the loss of jobs and business closures. This recession is a key test of how strong the new economic foundations are in Glasgow and what further steps need to be taken to create a more prosperous city.

As Cllr Stephen Purcell, the Leader of Glasgow City Council, wrote in the Glasgow Economic Review (July 2009): ‘Glasgow has been transformed over the past 10 years. The city has stronger economic foundations and is more competitive than ever before. Most importantly, 40,000 more Glaswegians are now in work than a decade ago, proving that economic success has led to a significant social renewal and new opportunities for many of our citizens.’

Glasgow also has a crucial role to play in terms of the wider City Region. This covers the local authority area of Glasgow, East and West Dunbartonshire, North and South Lanarkshire, East Renfrewshire, Renfrewshire and Inverclyde. This area has 1.75m residents - over a third of Scotland’s population. Many of the businesses across the region rely on Glasgow itself to help drive forward growth and new business opportunities.

Across the City Region, worklessness remains disproportionately high. Recent research by the Scottish Government showed that 28.9% of households were classed as workless. The research also showed that 13.7% of children across Scotland were living in workless households, but this rises to 24.5% of children in Glasgow.

This level of worklessness plays a major role in reducing the flexibility of the labour market and limiting the number of citizens who are able to benefit from economic growth. As the report, ‘Metropolitan Glasgow: Our Vision for the Glasgow City Region 2008-2013’ said: ‘progress is still required to remove Glasgow’s label as the ‘sick city of Europe’.

Despite these problems, there has been some considerable improvement in Glasgow’s economic situation since the last recession. Since 1995, almost 80,000 new jobs have been located in the city and almost 40,000 extra city residents have found work over the same period. However, despite this good performance prior to the start of the recession, the Glasgow Economic Audit (2007) reported that the city still required an additional 40,000 to 50,000 residents in work to bring its employment rate up to the Scotland and UK averages. This represents a significant challenge in terms of the next stage in Glasgow’s development.

This report looks at the economic progress that has been made in Glasgow through an analysis of current data and the views of local businesses. These sources are used to address the key question of how resilient Glasgow’s economy is proving to be at the current time.
Glasgow’s progress

The global financial crisis and recession have had an impact on cities both in the UK and internationally. Here in Glasgow we have felt the repercussions of the crisis with rising unemployment, developments put on hold and businesses closing their doors. The key question for this report is: What impact has the recession had on Glasgow and how deep are the economic foundations that have been built during the past decade?

In this chapter we provide a short summary of the progress made in Glasgow over the past fifteen years. We also look at the structural changes taking place in the city today compared with the last time the UK entered recession back in 1992. This backdrop will form the basis for later discussions regarding the resilience of the city compared with the rest of the UK.

Key research areas
There has been a lot of work focusing on the impact of the recession on the UK and our major cities. This includes regular data from the Department for Work and Pensions and Jobcentre Plus, research updates from organisations such as the British Chamber of Commerce, the Federation of Small Businesses and the Confederation of British Industry, and reports from organisations such as the Centre for Cities, the Local Government Association and the Work Foundation.

In developing our report we have undertaken desk research looking at the national evidence base, plus the work being undertaken in Glasgow by the City Council and strategic bodies such as Glasgow Works and Skills Development Scotland. We also draw on evidence from Nomis and the Office of National Statistics to underpin our understanding of Glasgow’s economy.

In addition to the literature review we have also undertaken research with local businesses to get their views on the current downturn, the impact it is having on their business and the city.

This small research project aims to contribute to the debate that surrounds the local economy in Glasgow and the impact the recession is having on the city. It is not intended to be exhaustive and does not seek to provide all of the answers about the future policy steps that need to be taken. However, it is hoped that the findings can contribute to the debate about the next stages of Glasgow’s development and help ensure the city is in a strong place to benefit from the recovery when it comes about.

Moving forward
Between March 1992 and March 2008, the number of unemployed people in Glasgow fell from 48,514 to 14,374 - a reduction of 34,410. This figure shows the dramatic level of progress that had been made in the city and reflects the success of the regeneration programmes that have been put in place.

The Glasgow Economic Forum in A Step Change for Glasgow published in 2006 said: ‘We all know what makes cities successful: a strong and growing business base, creative,
educated and capable people and a high quality, well connected place attractive to talent and investment. Glasgow has made progress in all of these but needs to improve still further.'

The central message was that 'Glasgow has made a step change from a "problem city" to "city of opportunities".' The report went on to say that they wanted Glasgow to be defined by its 'strength and leadership' rather than simply through the 'process of regeneration'.

Whilst the city has seen real change of late, there is still an enormous amount of work left to do. By the end of the recession, Glasgow will have seen its unemployment rate increase by over 50% and a large number of people will have become long-term unemployed. Some of the challenges for the city include: continuing high levels of worklessness; low skill levels; and the need to develop a more entrepreneurial climate. However, the city today is in a much stronger position to tackle and overcome some of the deep-rooted problems that have developed.

Where we are today
The regeneration of the city has led to new jobs and new opportunities for local residents. At the end of 2007, unemployment had fallen to 13,000, the lowest level for over twenty years at 3.4%.

The economy in Glasgow has changed dramatically over the past twenty years. The city is now overwhelmingly a services-based economy with fewer than one in ten jobs in manufacturing or utilities, although there are important global firms in these sectors.

One of the factors that has held the city back is that too much of Glasgow's job growth has tended to be in lower-skilled jobs, compared to its more successful rival cities. For Glasgow to be well positioned when the economic recovery begins, there needs to be a greater focus on attracting more specialised and higher skilled jobs to the economy. The level of low skilled jobs in Glasgow has left the city more vulnerable to the impact of the recession. This issue will be discussed later in the report.

Hosting The Commonwealth Games in 2014 also provides a real opportunity to drive forward the physical regeneration of Glasgow and assist with job creation. With a budget of £280m for the Games being complemented by a non-games capital investment of £500m there is a real opportunity to mitigate some of the worst effects of the recession. In addition, during the Games the city expects to attract an additional 400,000 day trips generating around £50m for the Glasgow economy.

The Commonwealth Games should provide the city with a chance to create new jobs and business opportunities. The creation of voluntary placements and work experience roles should be used as a way to help people some way from the labour market get the skills they need.

Perhaps, even more significantly, the Games will allow Glasgow to present a new image of itself to a significant domestic and international audience. Our work in Liverpool has shown that the European Capital of Culture status in 2008 has given Liverpool a real economic boost which
continues even today. This should provide a key benefit for Glasgow in 2014 and beyond.

Skills
Glasgow’s skills profiles is one of extremes. The city has a higher share of people educated to degree level than the British average, yet almost as many people have no formal qualifications. For instance 18.5% of people have no qualifications compared to a Scottish average of 12.5% and a UK average of 12.4%

The issue of skills is one of the real structural problems affecting the future growth of the economy in Glasgow. As the Leitch Review of Skills stated, 95% of jobs by 2020 will require an NVQ Level 2 or equivalent and two thirds of jobs will require an NVQ Level 3. Businesses will increasingly look to locate themselves in cities which have an existing base of skilled workers. Raising the skill levels of local people is a key challenge for Glasgow in the immediate future. This is crucial in terms of bringing new jobs into the local economy.

Despite significant investment there remain some basic skills needs with regards to literacy and numeracy. The work of Reed in Partnership in communities across Glasgow has shown that many long-term unemployed people lack the basic skills needed to get a job. Addressing the issue of basic skills is key to bringing more people into the labour market and improving Glasgow’s growth prospects.

Entrepreneurial activity
Whilst the city has seen significant progress in terms of job creation, it still lags behind competitors in terms of entrepreneurial activity and new business start-ups.

In A Step Change for Glasgow (2006) the need to encourage entrepreneurial activity was seen as a real focus in terms of helping drive forward the economic progress of the city over the next ten years. Whilst the report was published over three years ago, it is worth noting that even during a time of economic growth, that Glasgow was still failing to see the growth of new businesses. The report noted that:

‘Glasgow’s entrepreneurial deficit is a fundamental weakness in the city’s economy. The number of businesses in the city is static, as is employment in the smallest workplaces. The survival rate of Glasgow’s companies is among the lowest of any of Britain’s 400+ local authority areas, while employment has grown disproportionately in large-scale workplaces, in both private and public sectors. The result is an economy with a “gap” of up to 5,000 businesses, relatively low levels of innovation and productivity and an over-reliance on too few, uncertain, and exogenous sources of employment growth.’

Similarly Clyde Valley Community Planning Partnership’s research in Metropolitan Report: Our Vision for the Glasgow City Region 2008-13 said there was a need to ensure ‘we create a climate in which the private sector can flourish’.

The focus on encouraging entrepreneurial activity and self-employment should be a major feature of the plan for Glasgow over the next five to ten years. This will require more dedicated business support services to help business start-ups. There should also be a focus on working with young people,
which will require time and investment in schools and local universities to encourage entrepreneurial activity.

**Entrenched worklessness**

There still remain pockets of high deprivation and generational worklessness, with rates in some of the worst-performing neighbourhoods considerably above the city region.

We know from our work in areas such as the Gorbals and Govan, the social problems that result from poverty and generational unemployment. This entrenched type of unemployment takes time to overcome. It is not just about creating new jobs; it is also about motivating people and moving them away from being dependent on benefits. Reed in Partnership has worked on targeted local projects in Glasgow such as the Working Neighbourhood Pilot. Our experience has shown that areas with persistent and high levels of unemployment and generational worklessness require concerted action to tackle the underlying causes of economic inactivity.

To be effective in tackling this problem there is a need for a multi-agency approach to both raise skills and provide access to training and assistance with job search. It is important that continued investment in improving the housing stock and local neighbourhoods takes place. The latter focus is crucial in terms of helping create sustainable and more prosperous local communities. Glasgow also needs a real focus on assisting people with health-related benefits into work, which remains a significant problem.

The three structural weaknesses cited in this chapter reflect the scale of the challenge faced by Glasgow today, despite the significant public and private investment that has taken place.

When the economy was still growing, there was a confidence that Glasgow would be able to respond and overcome these challenges due to the focus and energy of the public, private and voluntary sector organisations working together to take the strategic objectives for the city forwards.

With the onset of the recession, the economic environment has changed as unemployment increased and business and policymakers struggle with the consequences of the downturn. Given the greater challenges facing the city today, it is imperative that we continue to focus on tackling the short-term problems whilst also enabling the city to respond to some of the entrenched and difficult issues that will take time and concerted action to resolve.
Resilience and future steps

The previous chapter looked at the changes that have taken place in Glasgow over the past fifteen years. This chapter looks at the impact that the recession is having on Glasgow and at predictions of how seriously the city will be affected by the downturn in the long term.

The national picture

It is important to realise that it is difficult to evaluate the immediate impact of the recession. This is because it can take some time for trends to develop and then be properly considered. However, there are some factors, such as the increase in unemployment, that provide immediate figures about the impact of the recession.

The impact of the credit crunch has led to a global recession with most developed countries experiencing rapid increases in unemployment and a prolonged period of negative economic growth. Glasgow began to experience some rapid increases in unemployment at the end of 2008.

The UK economy shrunk by 2.4% in the first quarter of 2009, which was the sharpest decline since the Second World War. This was on top of contractions of 0.6% and 1.5% in the third and fourth quarters of 2008.

The Treasury’s average of economic predictions signalled that the UK economy would contract by 3.8% in 2009, the Organisation for Economic Co-operation and Development (OECD) predicted a 3.7% contraction, with the IMF predicting 4.1%.

Back in the summer, there was disagreement on levels of GDP growth for 2010 with the Treasury’s independent forecasts predicting growth of 0.4%, the OECD a contraction of 0.2% and the IMF predicting a small growth of 0.2%.

Since the report in May, the predicted fall in GDP for 2009 has grown with the Treasury’s average of economic predictions published in October, indicating that the UK economy will contract by 4.3% this year. However, there is some positive news for 2010 with predictions for growth in GDP rising to 1.3%.

Whatever the actual figures, it is unlikely that the UK will return to the levels of growth that are required to create significant numbers of new jobs until at least 2011. The recession has already led to a large increase in the number of people out of work, with unemployment reaching its highest level since 1996. Adding to the gloom is the fact that vacancies have reached a record low as companies put recruitment plans on hold.

In August, the Office for National Statistics (ONS) reported that unemployment rose by 220,000 to almost 2.43 million in the three months to June 2009. The claimant count had also risen to 1.58 million, up 24,900 on the previous month and 709,000 on the previous year.

The other figures in the August ONS Survey presented a very negative trend for unemployment in the UK with the number of people in work falling by 271,000 to 28.93
million in the three months to June – one of the biggest quarterly slumps since comparable records began in 1971. In the three months to June 2009, 277,000 people were made redundant. This was a decrease from the 300,000 people who experienced redundancy in the three months leading up to March 2009 – which was the highest number since records began in 1995.

All of the research shows that young people are suffering particularly badly in the recession. The unemployment rate for 18-24-year-olds today stands at nearly 20% nationally, with further increases expected. The subject of youth unemployment is explained in more depth in the Reed in Partnership report - *False Starts: Restoring hope, dignity and opportunity to young people*, which was published in November 2009.

Many economists are predicting that UK unemployment will continue to rise for at least the next 6-9 months, peaking at 3 million by early 2010. This obviously has very worrying consequences for communities across the UK. For instance, Professor Paul Gregg of Bristol University has pointed out that it takes nearly five years for unemployment to return to its pre-recession levels, based on the experiences of the 1980s and 1990s.

The most recent figures in October 2009 showed that the UK experienced a drop of 0.4% in Gross Domestic Product in the third quarter of the year. Whilst this was a smaller drop than seen previously it was still a shock for economists who had predicted a move into positive growth.

Despite this, there are some signs that economic confidence is returning, with recent consumer and business surveys pointing to increased optimism about the future. Despite this, there still remain structural problems in terms of lending, and further increases in unemployment will impact on consumer spending.

**The impact of recessions**

The Local Government Association (LGA) has undertaken some interesting work looking at the impact of the previous recessions in the 1980s and 1990s on levels of unemployment across England. Many economists argue that the current rate of unemployment is strongly influenced by the preceeding level of unemployment. The idea of unemployment rates being subject to hysteresis effects is supported by the work of the LGA which shows the persistent nature of worklessness after recessions. The key findings from the LGA report were that:

- Worklessness has been higher in every year since 1979 than it was in 1979 and that successive recessions have added to the number of people excluded permanently from the labour market.

- The time it takes different areas to fully recover from the recession varies and that it can take as much as ten years.

Interestingly, the report suggested that the areas most at risk from job losses in the current recession were those currently not experiencing high levels of worklessness, which on one level could be seen as a positive prediction about the resilience of
cities such as Glasgow. However, other reports have argued that cities like Glasgow, which were already experiencing higher than average levels of unemployment, would be hard hit by the recession.

For instance, The Work Foundation and the OECD in the joint report, *Recession and Recovery: How UK Cities can respond and drive recovery*, found that the recession has reflected existing patterns of economic decline, with the greatest job losses in ex-industrial areas such as the West Midlands. It argued that one of the key reasons for this pattern was that cities with highly skilled populations were experiencing the smallest increases in unemployment, and those cities with the lowest skill levels were experiencing the largest increases due to the type of jobs being lost in the economy.

The Work Foundation published *The Geography of Unemployment* in April 2009, which looked at which areas of the country were being hardest hit by the recession. The report found that the local authority areas experiencing the biggest jumps in the number of people claiming benefits were located in the core cities of the North, the West Midlands and Scotland. However, the analysis of the percentage change in claimant count presented a different geography. It found that the highest percentage increase had been concentrated in the South East and East Midlands, with authorities such as Swindon and Redditch featuring in the top ten. The report also found that there was a concurrence between the high number of unskilled workers and new JSA claimants in the area around Glasgow.

So with the national predictions, along with some of the economic reports looking at the impact of the recession on local economies across the UK, where does this leave us in terms of evaluating the impact that the recession will have on Glasgow?

### The impact on Glasgow

There had been some initial optimism that Glasgow would be partially insulated against the economic downturn as the result of the investment and regeneration that had taken place.

However, worries began to grow in the city in late 2008 as the number of people claiming JSA started increasing at a considerable rate. For instance, monthly increases in the number of JSA claimants went up by 900 between October 2008 and November 2008, 650 between November and December, 1,400 between December and January, and 2,000 between January and February. This represented an increase of 1.2% in just five months.

Since February 2009 the rate of unemployment has increased at a lower rate, rising by an average of 600 per month from March to August 2009. If this trend continues it would indicate that Glasgow lost a number of jobs at the start of the recession but that after this first tranche of job losses the labour market is proving stronger than was first thought.
Reaching some early conclusions

Whilst the national predictions indicate that unemployment will rise to over 3 million by the end of 2009, it is hard to imagine that Glasgow will return to the days when 50,000 people were on the dole. At the very least this is a sign that the local economy and hopefully the UK as a whole is not going to experience the depth of recession felt in the early 1990s.

This is in large part due to the investment and improvements that have taken place in Glasgow in recent years which have strengthened the economy. For instance, it was reported in July 2009 that Glasgow hotels were beating the recession with a new study by Deloitte reporting that the city was performing better than 10 other major cities including London and Edinburgh. The report found that Glasgow had one of the highest hotel occupancy rates and had avoided having to make some of the huge cuts in room rates that had affected other major cities.

Professor Brian Ashcroft, in the Glasgow Economic Review (July 2009) wrote that: ‘There is a good chance that the Glasgow economy may hold up better than Scotland as a whole. Public sector jobs are more significant here, 32% compared to 23%, while manufacturing, badly hit by the downturn in world demand, accounts for 11% of Scottish jobs but only 6% of Glasgow jobs.’

The challenge for Glasgow may now come from the tightening and reduction of public sector funding which could have an impact on jobs in the city.

Whilst it is of course too early to say how many people in Glasgow will lose their jobs as a result of the recession or how many companies will close down, there are some encouraging signs that the local economy is proving resilient at the current time. This is reflected not just in the statistical data presented above but in the views of local businesses as discussed in the next chapter.

The level of unemployment and social deprivation within Glasgow was still above the national average before the effects of the recession started to be felt in the city. The city is of course starting from a low base, and when the recovery starts there will be a great deal of work to ensure that Glasgow can grow at a faster speed than its competitor cities. However, the early indications are that the foundations that have been established in the city over the past fifteen years are proving relatively strong and that the recession will not sweep away the positive improvements that have taken place.

The next section provides a brief analysis of views from businesses in the city.
Views from the city

As part of the research project we undertook a short survey of over thirty local businesses. This was seen as important in providing some employer context in this report. The survey was carried out by Reed in Partnership’s Employer Team, with the majority of interviews being carried out over the phone. As the sample is small the findings are by no means conclusive. However, the research hopefully provides another layer to the available evidence base about how businesses are being affected in the city.

A wide range of businesses took part in the survey, both in terms of sectors and the size of the company. The survey included retail, the care sector, hospitality, call centre and security companies. There was a considerable mix in terms of the size of companies with the smallest employer having just five employees and the largest having over 1,000 employees.

Impact on Glasgow’s labour market

Our survey asked businesses whether their workforce over the past year had increased, decreased or stayed the same. Based on the results, only 6% of businesses said their workforce had decreased, 47% said it had stayed the same and 47% said they had increased their workforce over the past year. This would indicate that our responses are heavily driven by sectors of Glasgow’s economy which are still growing and actually doing well through the recession.

In response to what they expected to happen to their workforce in the next three months: 40% of employers said they were planning to increase their workforce, 53% said it would stay the same and 7% said they expected to reduce their workforce. Whilst the small survey is not wholly representative it demonstrates that there are still jobs in the local economy and the economic picture is not all negative. This is certainly the experience of Reed in Partnership in Glasgow. Despite the recession companies are still recruiting, but there is much greater competition for these vacancies.

Clearly, few of the businesses in the survey had been significantly impacted by the recession given the lack of employers who had reduced their workforce. However, when asked for information on how their business had been affected by the recession, some people spoke about the lack of consumer confidence impacting on spending behaviour. Other companies spoke about the new opportunities arising from the recession. Some of the comments included:

‘We are on the way up and are expanding.’
‘We’ve seen a positive increase in sales.’
‘The start of the year was tough because nobody had the money they used to have.’
‘Our business is doing well at the moment and it is visibly improving.’
‘Glasgow is tough and we are fighting for every pound.’
‘Our budget is tight and we are having to fight to get contracts.’
The resilience of Glasgow’s economy
We asked local businesses for their opinions in regards to the impact the recession was having in Glasgow compared with the rest of the UK.

There were some positive results from this with 43% of businesses saying Glasgow was holding up pretty well compared to the rest of the UK, 30% saying they thought there would be no difference in impact between Glasgow and the rest of the UK and just 17% of businesses believing that Glasgow was being harder hit than the rest of the UK.

Providing additional support for business
We also asked employers to give us their views on what additional measures could be taken by the government, local authorities and other agencies to help businesses in Glasgow at the current time. There were a range of responses to this question, a number of these comments are listed below:

‘More availability of lending for business.’
‘More help for small businesses to avoid laying off staff.’
‘The government is trying to help business and the funding for training is especially welcome.’

The launch of the Keep Glasgow Working Campaign in October 2009 brought together businesses from across the city to discuss what more needs to be done to help employers during the recession. The launch event was attended by 80 representatives from small and large employers, members of the Chambers of Commerce, and public and third sector bodies.

The event generated a lively discussion regarding the importance of skills within the workforce, particularly the need for more highly skilled local employees to carry out customer orientated and higher-level business positions. The importance of retaining these employees was also highlighted, given the current challenges of recruiting skilled staff.

The event also highlighted the need for businesses in Glasgow to communicate best practice and share ideas of how to maximise business efficiency and profitability during the recession. Many organisations in Glasgow offer support services to businesses, which the campaign helped highlight. However, there is still much more to be done in terms of communication to ensure that all businesses are fully aware of the support networks available to them.

Conclusion
With increasing levels of unemployment in Glasgow, it is inevitable that there will be an increase in the number of long-term unemployed. The lesson for policy-makers both in Glasgow and nationally is the need for concerted action and continued support for the long-term unemployed. The results from the survey demonstrate that some sections are proving resilient and are still recruiting.
This report confirms that Glasgow has made real progress over the past fifteen years. The city has reduced unemployment, created 40,000 new jobs and regenerated large parts of the city. But in the face of the deepest global recession seen for generations Glasgow is under pressure, as the unemployment figures show. However, the survey of local businesses show that some companies are still growing and there remain new vacancies in the labour market.

When Glasgow has previously faced economic change on a similar scale, it has suffered damaging and long-lasting economic and social decay. Although Glasgow is now a changed city from the one that witnessed the urban decline of the 1980s, the future challenge for those working in the public, private and voluntary sectors is two-fold:

First, it is to ensure that this experience is not repeated in the face of real and telling economic pressure today.

Secondly, it is to build foundations to ensure that Glasgow becomes a city with an economy consistently delivering growth for the benefit of all through the production of high, value-added products and services.

To meet both of these objectives, Reed in Partnership proposes the following recommendations:

GLASGOW PARTNERSHIP: At the heart of Glasgow's resurgence from the decline witnessed in the 1980s was partnership: a partnership of purpose, a partnership approach to working and a partnership with a clear strategy. Given the scale of the economic downturn, it is imperative that:

1. The public, private and voluntary sectors across the city should be brought together with an even greater sense of urgency, commitment and purpose in order to avoid a repeat of previous decline.

AVOIDING WORKLESSNESS: Evidence shows that recessions have a dramatic impact on levels of worklessness and that Glaswegians could be particularly vulnerable again, especially people with low level skills. We believe that the following steps need to be taken:

2. There has to be a real policy balance between helping the newly unemployed find work quickly whilst also providing the intensive support required to help the long-term unemployed move off benefits and into employment.

3. Looking ahead, we need to strengthen the focus on communities with high levels of unemployment and worklessness so that people are ready to take advantage of new jobs when the economy improves.

INVESTING IN SKILLS: The work of Reed in Partnership in communities across Glasgow shows that despite considerable investment over the last decade, some basic skills needs
remain (particularly in terms of literacy and numeracy), which mean that too many people lack the basic skills needed to get a job. Therefore:

4. It is imperative that in a tough fiscal environment, public agencies and private employers continue to focus on investing in the basic skills needs of Glasgow’s population. Falling investment in basic skills needs would have a major impact on Glasgow’s short- and medium-term growth prospects.

5. Local colleges, business leaders and skills representatives should meet to ensure that the training being supplied across the city matches the demands of employers as we move through the recession. The emphasis should be on flexible, adaptable and value-added skills provision.

INTEGRATION OF EMPLOYMENT AND SKILLS PROVISION: The integration of employment and skills is crucial if we are to improve the number of people with higher level qualifications. This is imperative if we are to attract new jobs to the city and help people build a career pathway. We would recommend that:

6. Investment in employment and skills provision at a local level is brought together. In addition there needs to be more local power to enable national skills policy to be aligned to the needs of Glasgow and the wider City Region.

7. A new programme of providing careers and skills advice to people in the city could be trialled as a way of helping people in work progress to better paid and skilled work.

SUPPORT FOR BUSINESS: Businesses across the City are understandably anxious about what the future holds. Many of them are looking to the public sector for support. Therefore:

8. There is a need for more information on the range of public support available across the City.

9. There needs to be more investment in encouraging entrepreneurial activity and new business start-ups. This is crucial if we are going to create more jobs in the city and create a broader industrial base.

LABOUR MARKET FLEXIBILITY: Many employers are already coming up with innovative ways to keep people working including more flexible working patterns, offering sabbaticals and reducing working hours while providing additional training and skills opportunities. Therefore:

10. More support needs to be provided so that businesses can explore alternatives to reducing the number of staff through redundancies.

11. We need to ensure we maintain a flexible labour market so that companies can recruit temporary and short-term staff.


Local Government Association  From recession to recovery II: a focus on unemployment. West Sussex: LGA, February 2009


http://www.nomisweb.co.uk, July 2009

Overell, Stephen  Map of recession reveals worst hit places. Accessed at: 


Wood, Zoe  HSBC report predicts UK will become pioneer in knowledge industries. Accessed at: 
About Keep Glasgow Working

Keep Glasgow Working, a major, employer focused campaign, has been launched by Reed in Partnership and the Glasgow Chamber of Commerce. The campaign links directly with the need for a greater focus on skills, the economy and employability.

The campaign, which aims to help provide solutions to the challenge of rising unemployment will enable employers to share experiences and identify potential solutions around jobs and skills retention.

The campaign, which features a new website for employers: www.keepglasgowworking.com will provide practical advice to employers on mechanisms to help retain jobs. It will also enable more knowledge sharing between companies so they can learn and benefit from one another’s experiences and approaches to remain prepared for economic recovery.

Keep Britain Working

The Keep Glasgow Working campaign builds on the success of the Keep Britain Working campaign which was launched by the Reed Group in March 2009.

“I welcome this initiative from the private sector, particularly given some of the common challenges shared by the public sector, around skills, training and workforce capacity.”

Councillor Steven Purcell, Leader of Glasgow City Council

“The Keep Britain Working campaign makes an important contribution to ensuring employers share the sorts of innovative approaches that will help people avoid unemployment and help businesses prepare for recovery.”

Rt Hon Gordon Brown MP, Prime Minister

“Keep Britain Working is a tremendous campaign that will bring help and support to employers from all sectors who are struggling through this recession.”

Rt Hon Theresa May MP, Shadow Secretary of State for Work and Pensions

“I am very pleased to support Keep Britain Working – pooling ideas to steer businesses, employees and thus the country through this recession.”

Rt Hon Nick Clegg MP, Leader of the Liberal Democrats
Between March 1992 and March 2008, the number of unemployed people in Glasgow fell from 48,514 to 14,374 - a reduction of 34,410. This figure shows the dramatic level of progress that had been made in the city and reflects the success of the regeneration programmes that have been put in place. However, since the start of the recession over 8,000 more people have found themselves on benefits.

In this report we look at the impact that the recession is having on Glasgow, the resilience of the local economy and what additional steps could be taken to help the city emerge from the recession.