



Glasgow City Region

Cabinet

Report by Director of Regional Economic Growth

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Item 9

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Glasgow City Region Intelligence Hub Economic Analytics Tools Update

Purpose of Report

To provide the Cabinet with a brief summary of the increased capacity of the Intelligence Hub to provide economic analysis across the regional partnership – at a broad regional level, by industry and within industries.

Recommendations

The Cabinet is invited to note the content and provide any written feedback accordingly.

1 Introduction

- 1.1 The Glasgow City Region (GCR) Intelligence Hub has recently worked alongside the Fraser of Allander Institute (FAI) to build an economic model known as a Computable General Equilibrium model (CGE). The purpose behind this is to allow the region to understand the possible scale of economic impacts (Output, Employees, and GVA) of different shocks to the economy such as City Deal 2.0
- 1.2 The first version of the model is due to be completed next month. However, in developing the model, a couple of tools – Supply Use Tables (SUT) and Input / Out Models (I/O) – have been created which can be used to analyse how the economy functions at different scales:
 - **Regional Analysis** – understanding impacts of events such as COVID-19
 - **Broad Industry Analysis** – understanding how an industry functions including its reliance on local, Scottish and the rest of the world for imports / exports. Also, the interdependencies between industries across the regions. This allows us understand the knock on effects of disruption in one industry on another
 - **Programme and Individual Business Impacts** – what will be the impact of one or more companies entering or leaving the region. Also, what impact would the delivery of a new or revised programme have on the economy?

2 How This Analysis Is Helping Us Better Understand the Current Situation

- 2.1 The CGE model is not quite completed but over the past six weeks we have been using the SUT and I/O tables to help us better understand what is happening to the regional economy as a result of the COVID-19 lockdown.

REGIONAL ANALYSIS

- 2.2 **Current Analysis:** We have been able to plug in different scenarios (using analysis from sources such as the Office of Budget Responsibility, Scottish Government and Fraser of Allander Institute) to try understand the impact of the downturn on different industries. This has allowed us to project the possible 60,000 to 100,000 job losses as a result of the slowdown in economic activity.
- 2.3 **Future Uses:** as impacts on different industries and labour markets become clearer, we can develop new scenarios

BROAD BASED INDUSTRY ANALYSIS

- 2.4 **Current Analysis:** We used the SUT table to model the possible impacts of the lockdown on the Tourism and Hospitality sectors. Equally, similar analysis was also conducted to support the Construction paper discussed today.

- 2.5 The analysis allows us to understand how much these industries are at risk from global events – due to overseas imports and exports. We are able to identify how much these industries are dependent on local consumption. It also allows us to understand how changes to that industry impacts on other industries such as manufacturing.
- 2.6 **Future Uses:** this can be used to help us understand any of the industries which are important to current or future economy

PROGRAMME AND INDIVIDUAL BUSINESS IMPACTS

- 2.7 **Current Analysis:** Previously we were able to analyse the possible impacts of the suggested loss of 700 Rolls Royce jobs in Renfrewshire. Using the I/O table, we were able to look at the specific industry and quantify that approximately another 700 jobs could be lost within the region as a result of this.
- 2.8 **Future Uses:** this can be used to understand the potential total increase of jobs as a result of a Barclay's type investment. Equally, as with the Rolls Royce scenario, we are able to quickly model potential total impacts of a firm(s) leaving the region. We will also be able to model potential economic impacts of changes to the City Deal Programme due to the COVID-19 lockdown.

SUMMARY

- 2.9 As a result of the contract with the FAI to develop the CGE model, not only do we have the tools, we also have capabilities to turn around such insights very quickly. We have an economic analyst within the Hub, who has spent two days a week based at FAI for the past year. Investing in such a capacity building exercise has proven to be extremely beneficial as he is able to conduct such analysis within a day and often quicker.
- 2.10 Equally, due to the relationships we have built with FAI, we are also able to call on them to review our outputs as we start to use these new tools.

3 Next Steps

- 3.1 We are keen to raise awareness of the analysis which is now available to the regional partnership. We have recently held sessions with the EDG, EISG and LOG members in order that they are aware of how we can support them and their teams. We will look to disseminate this further through our networks.
- 3.2 We will look to expand the training on the tools to other members of the Intelligence Hub and beyond where appropriate.

4 Recommendations

- 4.1 The Cabinet is invited to note the content and provide any written feedback accordingly.