

AGENDA ITEM No...³..... NORTH LANARKSHIRE COUNCIL

REPORT

TO: ECONOMIC DEVELOPMENT COMMITTEE		Subject: LOCAL GOVERNMENT ETC (SCOTLAND) ACT 1994 - ECONOMIC DEVELOPMENT POWERS
From: DIRECTOR OF PLANNING & DEVELOPMENT		
Date: 9 January 1996	Ref: GS/AS	

Introduction

The Scottish Office Education & Industry Department has recently issued a circular explaining the Secretary of State's intention to regulating the economic development powers of local authorities. This report looks at the contents of this circular.

Background

The Local Government etc. (Scotland) Act 1994 at Section 171, gives local authorities specific powers to promote the economic development of their area. These powers are discretionary, but specific and enable local authorities to provide a wide range of assistance including the giving of grants, loans, the acquisition of share and loan capital and the provision of property. Councils are also authorised to carry out trade development activities outwith their areas, with the consent from the Secretary of State.

The Act also makes provision for the Secretary of State to introduce regulation to control how local authorities will carry out these activities. The Act makes specific reference to local authorities consulting with Local Enterprise Companies (LEC's) in drawing up their economic development strategies.

The Secretary of State has now decided that he will not introduce regulations to control Council's economic development activities, but makes it clear that he expects local authorities to consult and co-operate with other economic development agencies such as LEC's, Chambers of Commerce and Enterprise Trusts, in pursuing their economic development activities.

The constituent authorities of the North Lanarkshire Council have always made it their practice to co-operate actively with LEC's in their areas and also to support Enterprise Trusts, although to a varying degree. Whilst North Lanarkshire Council has not yet evolved an economic development strategy, it can be assumed that this co-operation and support will continue. The Secretary of State's desire that such support and co-operation should continue in the future should not provide any difficulties for North Lanarkshire Council.

In conclusion, the Secretary of State's circular can be welcome as an indication that he is prepared to allow local economic development agencies to co-operate for the benefit of their local economies in the way that best suits their areas.

Recommendation

That the Council welcomes the Secretary of State's decision not to implement regulations to control local government economic development activity.



Director of Planning & Development



THE SCOTTISH OFFICE

Education and Industry Department

Industrial Policy Division
Meridian Court
Cadogan Street
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CIRCULAR NO: EID 14/95

Chief Executives
Regional Councils
Islands and District Councils
New Unitary Authorities

Telephone 0141-242
Fax 0141-242 5687

29 December 1995

Dear Chief Executive

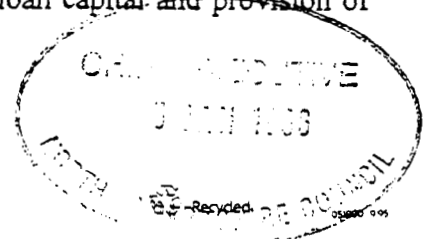
LOCAL GOVERNMENT ETC (SCOTLAND) ACT 1994: ECONOMIC DEVELOPMENT POWERS

1. From 1 April 1996 local authorities will have specific, although discretionary powers, under section 171A of the Local Government (Scotland) Act 1973 (inserted by Section 171 of the Local Government etc (Scotland) Act 1994) to take steps to promote the economic development of their area. The 1973 Act now also includes broad regulation-making powers, which would allow the Secretary of State to regulate local government's economic development activity. It was the intention, discussed during the passage of the legislation, to make regulations under these powers which would require statutory consultation of local enterprise companies (LECs) by local authorities on their economic development activities. The Secretary of State has now decided, however, that the co-ordination of such activities can properly be left to local authorities and LECs to decide, in the light of their own needs and circumstances, subject only to the general guidance in this letter.

2. In reaching this decision the Secretary of State has taken into account the number and variety of bodies which are engaged in economic development activity. These include Scottish Enterprise and Highlands and Islands Enterprise, and their respective networks of LECs, local authorities, Enterprise Trusts, Chambers of Commerce and a number of voluntary bodies.

Background

3. Local government has been involved in economic development for many years but has undertaken these activities under very wide general powers. Against a background of a development from the traditional activity of provision of factory space to include provision of business support and advice and trade development services it was considered that local government powers should be set out more clearly in local government legislation. The new specific powers given in the 1994 Act provide for a wide range of assistance instruments including giving of grants, loans, the acquisition of share and loan capital and provision of property.



Relationships with Other Agencies

4. In exercising their new economic development powers, however, Ministers have made it clear that they will expect local authorities to continue to operate within the strategic framework that is set by the two enterprise agencies, Scottish Enterprise and Highlands and Islands Enterprise, and which is implemented through the local enterprise companies (LECs). The enterprise networks remain the Government's primary delivery mechanism for economic development services including training and environmental improvements. It is essential, therefore, that local authority activity should be co-ordinated with and should complement the strategy of the enterprise networks and this will require the development of effective partnerships at the local level between local authorities, LECs and other organisations that can contribute towards an area's economic development.

5. In deciding to leave arrangements for partnership and joint working to local discretion Ministers have taken the view that patterns of co-operation are best developed in different areas according to the needs and circumstances of that area. There are already a number of successful examples of the partnership including the Dundee Partnership, the Cowal Initiative and the Lanarkshire Regeneration Strategy. In addition, a survey of local authorities by COSLA has shown that 90% of local authorities consider their relationship with their LEC to be positive or very positive. Ministers expect that these constructive relationships will be further developed when the new unitary councils come into being on 1 April 1996.

6. Ministers will also be making it clear to the enterprise networks that they expect them to continue the development of close partnerships with the new unitary local authorities, particularly as the latter start to draw up plans for the exercise of their role in the economic development of their area. The changes to certain LEC boundaries in April 1996 to make them coterminous with those of the new authorities were designed to facilitate this. The important factor in the success of such partnerships will be the quality of constructive dialogue which each side brings to them; and that arrangements for that dialogue may vary from place to place to suit local circumstances without any prescription from Government about its form.

7. In the same way as Ministers expect local authorities to work closely with LECs to achieve a complementary approach to economic development in their area, they expect authorities to develop co-operative working relationships with the other agencies eg Chambers of Commerce and Enterprise Trusts who also play an important role in promoting the local economy.

8. The decision not to take up the regulatory powers now available under section 171 of the Local Government (Scotland) Act 1973 is part of the Secretary of State's wish to reduce the number of regulatory controls on local authorities. Ministers will however be keeping under review the relationship between the economic development agencies, in particular between the local authorities and LECs. If relationships do not develop which enable both agencies to make the most effective use of their powers, further consideration may need to be given to the possibility of using the powers now available in Section 171B of the Local Government (Scotland) Act 1973 to require formal dialogue.

9. Any enquiries about the terms of this letter or about any aspects of local government economic development activity should be addressed initially to Mrs Patricia Russell, Scottish Office Education and Industry Department, 4th Floor, Meridian Court, Cadogan Street, Glasgow.

10. I am copying this letter to the Chief Executives of Scottish Enterprise and Highlands and Islands Enterprise, to the Director General of COSLA and to LEC Chief Executives for their information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M T S Batho'. The signature is fluid and cursive, with a long horizontal stroke at the end.

M T S BATHO



THE SCOTTISH OFFICE

Education and Industry Department

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CIRCULAR NO: EID 1/96

Chief Executives
Regional Councils
Islands & District Councils
New Unitary Authorities

Telephone 0141-242
Fax 0141-242 5404

12 January 1996

Dear Chief Executive

LOCAL GOVERNMENT ETC (SCOTLAND) ACT 1994: ECONOMIC DEVELOPMENT POWERS

Section 171 of the Local Government Etc. (Scotland) Act 1994 introduces new provisions into the Local Government (Scotland) Act 1973 which give Local Authorities a specific, although discretionary, power to engage in activities to promote the economic development of their area. Section 171 includes provisions enabling Local Authorities to engage in activities outside their area for the purpose of promoting the economic development of their area.

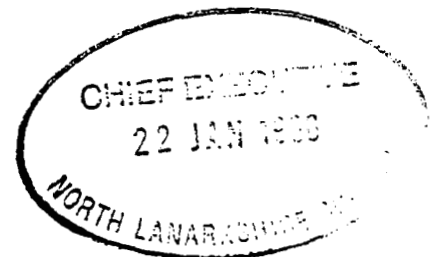
Where a Local Authority propose to engage in such activities outside the UK in any financial year, the new provisions require that they prepare a plan setting out their proposals and submit that plan to the Secretary of State for approval before the beginning of the financial year to which the activities relate. To enable a Local Authority to comply with these requirements and the Secretary of State to approve the proposals before the beginning of the 1996/7 financial year, Section 171 was commenced on 25 October 1995. For all other purposes, Section 171 comes into force on 1 April 1996.

Having submitted a plan prior to the beginning of the financial year, a Local Authority may submit amendments to the proposals contained in that plan during the course of the financial year. The Secretary of State's approval of either the original plan or of any subsequent amendments may be made subject to any conditions that are considered appropriate.

The purpose of this circular is to provide Local Authorities with information and guidance on the submission of plans related to economic development activities outside the UK. As happens at present, Scottish Trade International, which is the principal export agency of Government in Scotland, will be responsible for handling requests for the Secretary of State's approval of Local Authorities' plans. The contact in STI will be:-

LCW00211.125

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Tony Baker
Scottish Trade International
120 Bothwell Street
GLASGOW
G2 7JP
Tel. 0141-228 2542
Fax 0141-221 3712

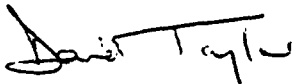
While any type of proposed activity outside the UK by a Local Authority for the purpose of promoting the economic development of their area requires the Secretary of State's approval, in practice most proposed activities will fall within two broad categories:-

- Exports and International Trade
- Inward Investment.

Annexes A and B set out specific guidance in relation to these areas.

Any enquiries related to this circular should be made to Scottish Trade International, 120 Bothwell Street, Glasgow G2 7JP.

Yours sincerely



DAVID TAYLOR
Director
Scottish Trade International

ANNEX A

EXPORTS/INTERNATIONAL TRADE

An Export Development Strategy for Scotland, "The International Challenge" was launched in September 1995. Copies are available from Scottish Trade International. The Strategy has the support of all of the main export support organisations in Scotland, including Local Authorities. The document recognises the important role which Local Authorities have played, and should continue to play, in export promotion.

The document is designed to strengthen export support arrangements in Scotland and in this way give Scottish companies a competitive advantage. A central theme is the need to establish greater co-ordination between export support organisations. The Strategy sets out a number of mechanisms designed to help achieve this. The two which are most particularly relevant to Local Authorities are the establishment of Local Export Partnerships and the development of a Scottish Mission/Exhibition Programme led by STI. It is expected that Local Authorities will play a full part in both of these areas. Plans seeking Secretary of State's approval for exports/international trade related activity should indicate whether they have been developed and agreed in the context of the appropriate Local Export Partnership. Plans should also indicate whether specific proposals for outward trade missions and participation in overseas trade exhibitions have been submitted for inclusion in the overall Scottish Programme.

The principal areas of exports/international trade activity for which it is anticipated that the Secretary of State's approval should be sought are detailed below, together with the information required for each category of activity. Approval should be sought for activities, particularly in-market support or overseas partnerships with an economic development dimension, which are currently carried out by existing Local Authorities and which are to be continued by new Authorities.

Activity	Information
<u>Overseas Trade Missions</u>	<ul style="list-style-type: none"> - Market(s) and dates - Likely numbers of participants - If sectoral, which sectors? - Included in Scottish mission/exhibition programme?
<u>Overseas Trade Exhibitions</u>	<ul style="list-style-type: none"> - Name and dates of exhibition - Likely numbers of participants - Included in Scottish mission/exhibition programme?
<u>In-Market Support</u>	<ul style="list-style-type: none"> - Market(s) - How and by whom is in-market support to be provided? - Does it have a particular sectoral focus? - If one of the 12 priority markets identified in the Export Development Strategy, will proposed support be available to all Scottish companies?
<u>Overseas Economic Development Partnerships</u>	<ul style="list-style-type: none"> - Market - Organisations involved - How will it operate?

If there are any doubts as to whether a particular activity requires the Secretary of State's consent, please contact Scottish Trade International.

ANNEX B

INWARD INVESTMENT

Locate in Scotland (LIS) was set up by the Government in 1981 as the first one-door inward investment organisation in the United Kingdom. It is a joint operation between The Scottish Office and Scottish Enterprise and is staffed by people drawn from both organisations. Its mission is to maximise the flow of investment and jobs to Scotland by:

- Marketing Scotland abroad and in other parts of the United Kingdom as a location for inward investment.
- Advising potential investors.
- Providing development packages tailored to investors' needs.
- Providing aftercare to investing companies.

Overseas LIS operates through a network of offices in North America, the Far East and mainland Europe. These offices promote Scotland within their target markets as a location for foreign direct investment. They use the full range of modern marketing techniques to promote Scotland in their markets and provide a one-door service for companies interested in investing in Scotland. This approach to promoting Scotland as a location for inward investment has proved to be extremely successful and many of Scotland's competitors now seek to copy it.

In an increasingly competitive international marketplace, inward investment agencies must harness a broad spectrum of national resources if they are to succeed - and Locate in Scotland is no exception. No single organisation could expect to command at its own hand all of the resources and expertise necessary to make the best possible case for Scotland to every prospective investor, and Locate in Scotland therefore makes extensive use of partnership arrangements with other bodies, including local authorities, to assist it in its task.

In discharging its task, Locate in Scotland seeks to promote the whole of Scotland as a location for inward investment and does not seek to direct potential investors to particular locations. Indeed, any attempt to steer companies to particular areas would almost certainly be counter-productive, resulting in the loss of projects to Scotland. The approach is, first, to interest potential investors in Scotland as a possible location for their project and then to work with them - and with the Local Authorities and Local Enterprise Companies - to identify those locations within Scotland which best meet the company's locational requirements (and which are therefore likely to give Scotland the best chance of winning the project in the face of international competition). At the end of the day, however, the choice of location within Scotland is of course one which must be made by the company itself taking into account the extent to which the competitive advantages of different areas match its requirements.

In an increasingly competitive international marketplace, it is considered essential that efforts be concentrated on achieving the highest possible level of recognition for the 'Locate in Scotland' brand. Accordingly, it is in general considered undesirable that other organisations - including local authorities - should undertake activities in overseas markets which are likely to lead to confusion in the minds of potential investors or which cut across or undermine Locate in Scotland's own marketing activities. Applications for approval to undertake activities outside the UK which are designed to promote inward investment by overseas-owned companies in any part of Scotland will therefore be considered against this general background.

It would clearly be helpful if applications to undertake such activities were accompanied by the following information:-

- Countries in which activities are to be undertaken.
- Dates on which activities are to be undertaken.
- Nature of activities to be undertaken (including details of any geographical or sectoral focus).
- Purpose of activities to be undertaken.
- Rationale for activities to be undertaken (eg what will it/they contribute to existing efforts to promote Scotland as a location for inward investment).
- Details of other bodies (both from Scotland and overseas) involved in undertaking the activities in question.

Locate in Scotland would be happy to discuss any proposals informally prior to the submission of a formal application for approval. The relevant contacts in Locate in Scotland are:-

NORTH AMERICA

Mr Russell Walker

Tel: 0141 228 2459

ASIA PACIFIC REGION

EUROPE

REST OF THE WORLD

Mrs I Kane

Tel: 0141 228 2811

Locate in Scotland
120 Bothwell Street
Glasgow
G2 7JP
Fax: 0141 221 5129