

To: ECONOMIC DEVELOPMENT COMMITTEE	Subject:	
From: DIRECTOR OF PLANNING & DEVELOPMENT	LANARKSHIRE DEVELOPMENT AGENCY - ANNUAL REPORT AND ACCOUNTS	
Date: 1 August 1997	Ref: CMcA/LC/REP.274	

1 Purpose of report

This report seeks to inform members on information and results outlined in the 1996 - 97 annual reports and accounts of the Lanarkshire Development Agency.

2 Introduction

The main theme promoted in the 1996 - 97 annual report is people and partnerships. In his statement, Chairman Ian Livingstone OBE, gave extensive reference to the successes which these partnerships had achieved and particularly the successful links established between the two new local authorities and the Lanarkshire Development Agency. The Chief Executives statement focused on the important contribution which Lanarkshire people play in generating new economic wealth and stated that their "principle focus will remain on indigenous businesses ... we must concentrate on assisting them in order to deliver long-term success."

3 Financial expenditure

During 1996/97, the Lanarkshire Development Agency spent £61.9 million, which was funded mainly by Scottish Enterprise and the European Union. Their expenditure can be broken down across the 8 themes identified in their regeneration strategy, plus operational expenditure. The levels of expenditure under each of the themes has been outlined below.

Reshaping the company base: £8,296,000

- | | |
|---|---|
| <input type="radio"/> trade & export development | <input type="radio"/> new business creation |
| <input type="radio"/> management development | <input type="radio"/> company growth |
| <input type="radio"/> support for Lanarkshire's Enterprise Trusts | <input type="radio"/> investment in companies |

Locate in Lanarkshire: £5,702,000

- | | |
|--|--|
| <input type="radio"/> attracting inward investment | <input type="radio"/> promoting Lanarkshire's attractions for business |
| <input type="radio"/> supporting inward investment | |

Putting the labour market to work: £13,975,000

- | | |
|---|---|
| <input type="radio"/> improving the skills of Lanarkshire's workforce - Skillseekers, Modern Apprenticeships, Skilltrain Adult. | <input type="radio"/> improving access to the labour market -out of school childcare, Youthstart. |
|---|---|

Lanarkshire's business locations: £23,020,000

- | |
|---|
| <input type="radio"/> investment in new business locations :-
Lanarkshire Enterprise Zone,
Strathclyde Business Park. |
|---|

Lanarkshire's environmental industries: £234,000

- | |
|---|
| <input type="radio"/> developing new environmental technologies |
|---|

- improving efficiency through better environmental practices.

Education as a business resource: £368,000

- business and education links
- developing enterprise in colleges

Creating a sense of place: £4,572,000

- major urban renewal projects
- land reclamation
- tourism development
- town centre improvements
- ground consolidation works

New Lanarkshire, new landscapes: £983,000

- landscape improvements
- local woodland initiatives
- environmental improvements to transport corridors

In addition to the £57,150,000 operational expenditure across the eight themes, management and administration costs were £4,746,000.

4 Financial Analysis

Table 1 : Outline of LDA Expenditure 1994-97

Themes	£ 000 1996/97	% total budget	% incl/ dec	£ 000 1995/96	% of total budget	% incl/ dec	£ 000 1994/95	% of total budget
Reshaping the company base	8,296	13	-3	8,510	15	-7	9,125	18
Locate in Lanarkshire	5,702	9	98	2,884	5	231	872	2
Putting the labour market to work	13,975	23	1	13,833	25	-11	15,568	30
Lanarkshire's business locations	23,020	37	27	18,115	33	25	14,532	28
Lanarkshire's environmental industries	234	0	-22	299	0	-30	428	0
Education as a business resource	368	0	-28	512	0	-12	584	1
Creating a sense of place	4,572	7	-18	5,557	10	26	4,418	9
New Lanarkshire, new landscape	983	2	-43	1,711	3	0	1,696	3
Operational	4,746	8	17	4,063	7	4	3,906	8
Total	61,896	100	12	55,484	100	9	51,129	100

- 4.1 Table 1 indicates the changes in expenditure, budget allocation year on year between 1994 - 1997. The emphasis on attracting inward investment and the provision of appropriate business locations is evident in the substantial increases in expenditure and budget allocation for both Locate in Lanarkshire and Lanarkshire's Business Locations. The success of both of these strands of the Lanarkshire Regeneration Strategy are evident in such projects as the Lanarkshire Enterprise Zone, Strathclyde Business Park and the attraction of major foreign direct investment such as Chungwha and Lite-On.
- 4.2 In contrast there has been a steady decline in the budget allocation and expenditure with regards to re-shaping the company base and putting the labour market to work. Given the substantial inward investment that Lanarkshire has attracted, the decision to prioritise expenditure in this area over investment in indigenous businesses and the local labour market may have been the best option at that time. However given the pledge to invest in people and in the indigenous business, it is expected that there would be substantial increases to these two themes within the new Lanarkshire Regeneration Strategy - Changing Gear.
- 4.3 The proportion of the budget spent on operational cost is consistently between 7 %- 8% over the 3 years, although there is a substantial percentage increase in the value of operational expenditure. This is partly accounted for by a £200,000 increase in staff costs.

5 Operating Plan

The Operating Plan for 1997 - 1998 outlines the forecast expenditure under each of the new themes as identified through the Changing Gear strategy.

	£ million
Building and Attracting Business	36.619
Building a Learning Industry	11.542
Connecting Lanarkshire	0.190
A Place for Living and Work	7.485
Participation and Inclusion	<u>3.254</u>
Total	<u>59.09</u>

It is difficult to compare year on year spend against these new themes, as they are more encompassing of a broader range of assistance. However, they are broken down under a list of sub aims with allocated budget against each. It is suggested that further analysis on this spend with particular regard to investment in indigenous businesses and training for people be conducted and reported to a future Committee.

6 Recommendation

It is recommended that Committee notes the content of this report and agree to a further report on the implications of the expenditure as set out in the Lanarkshire Development Agency Operating Plan 1997 - 1998.



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