

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: LDA BUDGET ALLOCATION AND REORGANISATION
From: DIRECTOR OF PLANNING & DEVELOPMENT		
Date: 23 April 1998	Ref: CMcA/REP.393	

1 Purpose of report

- 1.1 This report seeks to inform elected members of the budget allocation recently awarded by Scottish Enterprise to Lanarkshire Development Agency. It also seeks to update members on a recent reorganisation of functions and staff within the Lanarkshire Development Agency.

2 Budget Allocation

- 2.1 Scottish Enterprise were awarded £454m by the Government representing a reduction of 4.2% on their previous year's allocation. Lanarkshire Development Agency were awarded £46m which was a substantial reduction on last year's allocation of £53.1m.
- 2.2 However, the 1997/98 figure did reflect substantial commitments to the Chunghwa development. Information on the Scottish Enterprise budget allocation by LEC area for 1997/98 and 1998/99 is attached in Table 2. Information is also attached on Scottish Enterprise budget allocation by strategic objective for 1998/99 in Table 3.
- 2.3 The L.D.A have allocated their budgets according to the strategic aims of the Changing Gear Strategy. Table 1 below illustrates this allocation and the forecast financial (private & public) leverage, economic impacts (employment & Gross Domestic Products) that the spend will generate. The total budget refers to LDA's operating budget as opposed to Scottish Enterprise allocation. The operating budget includes European Funding.

Table 1. Lanarkshire Development Agency Operating Plan 1998/99 - Summary Spend.

AIM	L.D.A Funding		L.D.A Leverage		L.D.A Gross Impacts		L.D.A Impacts	
	19987/88 £m	1998/99 £m	Private £m	Public £m	Employment	GDP £m	Employment	GDP £m
Building and Attracting Enterprise	36.619	22.654	47.384	5.818	5.669	95.631	3.459	58.335
Building a Learning Industry	11.542	11.611	26.505	1.286	0.811	12.165	0.122	1.825
Connecting Lanarkshire	0.190	0.140	0.050	-	-	-	-	-
A Place for Living and Work	7.485	8.558	17.980	8.997	-	-	-	-
Participation and Inclusion	3.254	5.832	3.386	1.957	0.232	3.480	0.141	2.123
TOTAL	59.000	48.795	95.305	18.058	6.712	111.276	3.722	62.283

- 2.4 This is the 2nd year the Changing Gear strategy has been in operation. The budget allocation for last year is also indicated in Table 3, and illustrates a shift in resources, away from aim 1 'Building & Attracting Enterprise' to aim 5 'Participation and Inclusion'.

3 New Structure at L.D.A

- 3.1 Following the launch of the "New Lanarkshire Regeneration Strategy - Changing Gear" the L.D.A. established a new organisational structure in order to effectively implement the new strategy.
- 3.2 Eight new business units have been established, each operating to a business plan. The business units include New Ventures, Attracting Enterprise (Inward Investment), Physical Business Infrastructure, Individual Competitiveness (Youth and Adult Training), Competitive Companies, Innovation and Design, Land Reclamation and Environment.
- 3.3 As part of this restructuring, eight corporate units have been established and some of LDA's senior management team have taken on new roles within the company. The changes are as follows:-
- 3.4 Terry Currie, currently director of Business Development, will become Director of Business and Skills. He will be responsible for business units dealing with New Ventures, Physical Business Infrastructure, Individual Competitiveness, Competitive Companies and Innovation and Design.
- 3.5 John Cunningham, currently director of Training will become Director of Organisational Development. This new post aims to create a learning organisation within the L.D.A. as well as taking responsibility for developing the "Building A Learning Industry" aim of Changing Gear throughout Lanarkshire. This will include the development of knowledge and skills for all members of the Lanarkshire Community.
- 3.6 Niall McGilp, currently Director of Property and Environment, will become Director of Development, Funding and Investment. While retaining overall responsibility for inward investment, he will also take on the new role of seeking out and investigating new ways of generating external development funding for economic development activities in Lanarkshire. He is also responsible for the agency's investment in European funding activities.
- 3.7 Steven Dickie, currently Director of Eurocentral, would become Director of Land Reclamation and Environment. This will include dealing with derelict land and environmental regeneration initiatives in Lanarkshire towns and villages.

4 Conclusion

- 4.1 The L.D.A. have recognised that the development and implementation of a strategy for Lanarkshire, has required change within their own organisation, in terms of structure, responsibilities and priorities. The new structure will be in operation from 1st April 1998.

5 Recommendations

- 5.1 That members note the contents of the report.


 Stanley C Cook
Director of Planning and Development

31 March 1998

Table 2

Scottish Enterprise Budget Allocations 1998/99 Distribution by LEC		
	£millions	
	97/98	98/99
Ayrshire	26.0	26.0
Borders	8.2	8.2
Dumfries	9.3	9.3
Dumbarton	16.2	16.2
Fife	35.7	23.4
Forth Valley	20.9	21.5
Glasgow	56.7	56.1
Grampian	21.4	20.8
Lanarkshire	53.1	46.0
Lothian	41.1	54.7
Moray	2.7	2.6
Renfrew	24.9	25.4
Tayside	24.0	23.8
SEN	66.8	71.7
Centrally managed	33.6	32.8
Contingency etc	33.3	35.1
Total	474.0	474.0

Table 3

Scottish Enterprise Budget Allocation 1998/99 Distribution by Strategic Objective		
	£millions	
	97/98	98/99
Business Development	134.7	145.0
Physical Business Infrastructure	115.4	101.5
Skills & Knowledge	102.8	106.2
Access/Inclusion	61.9	59.9
Running Costs	59.3	61.3
Total	474.0	474.0