

## NORTH LANARKSHIRE COUNCIL

## REPORT

AGENDA ITEM NO. 11

To: ECONOMIC DEVELOPMENT COMMITTEE PLANNING AND ENVIRONMENT COMMITTEE		Subject:  STRATEGIC INWARD INVESTMENT IN LANARKSHIRE
From: DIRECTOR OF PLANNING AND ENVIRONMENT		
Date: 14 <sup>th</sup> August 2000 16 <sup>th</sup> August 2000	Ref: D/PL/35/05	

Purpose of Report

1. The purpose of this report is to advise Committee of the findings of a study commissioned by Locate in Lanarkshire Partnership (Scottish Office, Scottish Enterprise, Scottish Enterprise Lanarkshire, SLC and NLC) into Inward Investment Activity in Lanarkshire.

Sustainability Implications

2. The integrated benefits of the inward investment activity of Locate in Lanarkshire contribute to social, economic and environmental development throughout North Lanarkshire.

Background

3. The Locate in Lanarkshire Partnership was established in 1996 and is responsible for responding to inward investment enquiries as a Lanarkshire level. This is a supporting role to both Scottish Enterprise and their Locate in Scotland Team.
4. Locate in Lanarkshire has been successful in managing a high scale of investment (around £500m between 1996-1999) and attracting around 10,000 new jobs into the area over the same period. In all, Lanarkshire has attracted around 150 inward investment projects that include Chungwha Picture Tubes, First Direct and Morgan Stanley Dean Witter. Secondary investment by established inward investors such as Organon has been significant.
5. However, Locate in Lanarkshire (LiL) recognised that the inward investment market was changing, and that it was necessary to take stock on how local partners should respond if Lanarkshire was to maintain its excellent track record. A clearly defined direction for LiL was also required, which included actions for the partners and other organisations to take forward.
6. EDAW Ltd was jointly commissioned in October 1999 to undertake a review of Locate in Lanarkshire's performance, and to prepare a revised strategy and approach to Inward Investment. That report has now been finalised, presented to the Advisory Group of LiL (1 June 2000), and has been tabled at the Enterprise Resources Committee at South Lanarkshire Council on 16 May 2000.

Strategic Review

7. The key findings of the EDAW Study can be summarised under 5 headings:-
  - a) Review of Markets and Origins
    - Given the continued difficulties in the Asian markets, the most likely sources of inward investment are North America, Taiwan, North Europe and England.
    - The key industrial sectors likely to be attracted to Lanarkshire include electronics, call centres/shared service centres, software development, automotive parts, and research & development in medical, food and telecoms.

- b) **Review of Competing Locations/Agencies.**
- A review of the organisational structures was carried out looking at specific locational and fiscal benefits of a number of competing areas (Northern Ireland, Republic of Ireland, NE England, Czech Republic, Poland and Southern France). In addition, the activities of agencies such as Scottish Enterprise Ayrshire and Scottish Enterprise Lothians were reviewed. These findings were utilised in supporting the key recommendations of the study – both in terms of the key market sectors for Lanarkshire, but also the future role and operation of LiL.
- c) **Important Factors in the Making of an Inward Investment Decision.**
- National economic growth attracts new projects.
  - Market entry barriers and local tariffs can impact negatively (e.g. excessive environmental controls, heavily regulated telecoms, etc.)
  - Currency stability (export implications)
  - Immediately accessible factory expansion space
  - Workforce availability, training support and skills
  - Good access to markets – both locally and internationally
  - Workforce relations
  - Availability of quality management level staff
  - Property and infrastructure costs
  - Cost and length of journey to work trips.
- d) **Company Survey on Performance of Locate in Lanarkshire.**  
15 inward investors and 3 key property agents (intermediaries) were interviewed regarding the performance of Locate in Lanarkshire. The main findings were:
- 90% satisfaction level with the way in which enquiries were managed
  - The good working relationship between the LiL partners as experienced by most of those questioned
  - The need to increase follow-up for those investments lost to the area
  - Educational issues (particularly multi-lingual skills) were not being promoted sufficiently, and therefore assumed to be a weakness
  - Potential to develop more bespoke information for enquirers
  - Potential to be more flexible and 'creative' in terms of incentives, and
  - Limitations for businesses requiring smaller sites and premises.
- e) **Key Issues for Lanarkshire.**
- Increased market competition
  - An increased convergence of conditions worldwide, combined with a decrease in the relative importance of financial incentives leads to growing global competition for investment
  - Need to consider our marketing efforts and target this to the identified key sectors, in addition to the potential for cross-cluster development
  - To continually review the skills and staff availability issues
  - The continuing growth of the service sectors investments
  - Exploit both our distribution and rural potential for development
  - Address the transport/distribution constraints
  - Increasing importance of social inclusion, and the links with inward investment
  - Land and premises issues, including regular monitoring of the available property required
  - Policy changes, including the review of the Scottish Enterprise Network and the focus on brownfield rather than greenfield development

8. In total, the study has 29 recommendations covering all aspects of Locate in Lanarkshire. Key amongst these are:-

- Marketing should focus on sectors which offer the greatest potential, which include electronics, call centres/shared service centres, research and development, software industries and automotive parts
  - As the labour market tightens, more emphasis should be placed on developing basic vocational skills
  - Build upon our traditional strengths, i.e. sites and premises, Enterprise Zone, former New Town sites, and financial incentives by promoting more qualitative aspects such as environment, housing choice and effective partnership working through LiL
  - Continue to lobby for completion of key infrastructure projects such as M8/A8 upgrade
  - Make stronger links between agencies involved in Social Inclusion activity and LiL
  - Address the problem of the limited number of smaller development sites and begin the process of identifying the next generation of inward investment sites in Lanarkshire
  - No major organisational change is required regarding the structure and staff responsibilities within LiL, nor is there a need for a separate branded agency. However, as competition grows and the work of the team needs to become more sophisticated, a regular review of resources allocated to the service will be required
  - LiL should prepare a Capability Statement and Marketing Strategy in order to further strengthen the relationship between Locate in Scotland and Locate in Lanarkshire.
9. In order to prioritise action for the LiL Executive Group, it was agreed to put the recommendations into groupings which would enable the following action points:-
- Marketing Strategy (Recommendations 3,4,6,8,10,23 and 28)
  - Physical Development & Infrastructure Issues Work (Recommendations 11,12,13,14,20,21 and 22)
  - Participation & Inclusion Work (Recommendations 7,8 and 15)
  - Aftercare Work (Recommendations 16 and 17)
  - Capability Statement (Recommendations 10 and 28)

#### Recommendation

10. That the Committee:-
- note the contents of the report and agree the main recommendations as outlined in paragraph 8.
  - Agrees the further work identified by Locate in Lanarkshire to progress an Action Plan.



David M. Porch  
**DIRECTOR OF PLANNING AND ENVIRONMENT**

14<sup>th</sup> August 2000

For further information please contact Sharon McAlister on 01236 616248.

#### Background Papers

'Inward Investment – A Strategic Approach in Lanarkshire'. EDAW, March 2000. A full copy of this report will be available in the Member's Library for information.