

The Impact of the Strathclyde Integrated Development Operation: 1988-1992

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CONTENTS

Preface

PART 1: The Lessons Learned from the Experience of the Strathclyde IDO

Introduction and Background
Change of emphasis for an infrastructure dominated Programme
Further development of the partnership approach
Improved project selection and appraisal systems
Improved monitoring of project performance
Increased sophistication of the Programme management,
Administration and IT systems
Formalising the role of the independent Programme Executive
Clearer view of the role of evaluation
Conclusions

PART 2: An Overview of the Impact of the Strathclyde Integrated

Development Operation 1988 - 1992
Introduction and Background
Strategy and Objectives
Management Arrangements
 The Programme Executive
 Conclusion
Financial Review
Review of ERDF Action Programmes
Socio-Economic Change in the Region
 Conclusion
Realising the Objectives
Conclusion

THE IMPACT OF THE STRATHCLYDE INTEGRATED DEVELOPMENT OPERATION 1988 - 1992

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Preface

This paper examines the impact of the Strathclyde Integrated Development Operation (IDO), 1988 - 1992. It is based on the final report on the Programme carried out by Hall Aitken Associates for The Scottish Office and European Commission in July 1996. The final report reviewed the operations of the Strathclyde IDO over the period 1 January 1988 to 31 December 1992 and assessed the position following the final closure of the Programme at 31 December 1994.

Part 1 of the paper examines the lessons learned from the Strathclyde IDO and how the Objective 2 Programmes have incorporated these and changed since the end of the IDO in 1992. It was written by Laurie Russell who has been Director of the Programme Executive since it was set up to manage the Strathclyde IDO in June 1989 and now a company limited by guarantee - Strathclyde European Partnership Limited - established by the local authorities, the Scottish Enterprise network and the further education colleges in the region in 1996.

Part 2 of the paper presents a brief overview of the final report on the IDO. It includes a summary of the main socio-economic changes in the region and assesses the impact of the Strathclyde IDO on them. It also examines the extent to which the IDO realised its objectives. Part 2 was written by John McCreadie, an economist with extensive experience of evaluation and Structural Funds Programmes. He is an independent consultant, previously with Hall Aitken Associates, now with EKOS Limited, Glasgow.

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PART 1 : THE LESSONS LEARNED FROM THE EXPERIENCE OF THE STRATHCLYDE IDO

Introduction and Background

The Strathclyde IDO was one of Europe's first integrated Objective 2 economic development Programmes approved for a 5 year period from 1 January 1998 to 31 December 1992. It involved a total of £284 million of support from the Structural Funds - £232 million of European Regional Development Fund (ERDF) grants and £42 million of European Social Fund (ESF) grants.

Although the funds had to be committed to individual projects by the end of 1992, ERDF projects had until 31 December 1994 to complete expenditure. As many of these were capital projects and created infrastructure, the impact of the Programme on the regional economy could not begin to be assessed until 1995/96. The Programme was devised as a long term strategy for the regeneration of the region's economy and thus its impact was expected to become increasingly evident as the 1990s progressed.

Strathclyde has continued to benefit from Structural Funds support since the end of the IDO - a one year Programme in 1993, the 1994-96 Programme and Community Initiatives, such as RECHAR, URBAN and RESIDER which have brought a further £300 million of grants to the region. At the time of writing, negotiations on a £240 million Programme of Structural Funds support for 1997-99 are at a final stage

There has been progressive development of the Objective 2 Programmes in the region over the 7 years or so since the first partnership meetings took place to launch the Strathclyde IDO in 1989. Strathclyde's experience will no doubt have many similarities to those of other Objective 2 regions, but also offers some unique features which may be of interest to other regions involved in the common objective of economic development.

Part 1 of this paper looks at the changes in 7 features of the operation of the Objective 2 Programmes where there have been improvements based on the lessons of the IDO:

- **change of emphasis from an infrastructure dominated Programme**
- **further development of the partnership approach**
- **improved project selection and appraisal systems**
- **improved monitoring of project performance**
- **increased sophistication of the Programme management, administration and IT systems**
- **it has formalised the role of the independent Programme Executive**
- **clearer view of the role of evaluation**

Change of emphasis from an infrastructure dominated Programme

Since 1992 there has been a shift in emphasis away from supporting major physical infrastructure projects towards more revenue or soft infrastructure projects. The main reason for this has been the changing roles of the agencies involved in economic regeneration in the region. The main ones were:

- the creation of the Scottish Enterprise network with 5 Local Development Companies (LEC) in the region from the Scottish Development Agency (SDA) and the government Training Agency with an integrated approach to business development, infrastructure and environment for businesses and training.
- increasing importance and resources from local authorities, particularly Strathclyde Business Development, for grants and loan schemes and other direct support for SMEs.
- the growth of the network of local economic initiatives/development agencies set up by the local authorities and LECs with the local community and businesses to deliver integrated programmes of business support, vocational training and related activities, and community development.
- the incorporation of the 20 further education colleges in the region as separate companies has increased activity generally and, in particular, in the schemes for local businesses and in collaboration with the local economic initiatives.

By the end of the 1994-96 Programme, this had resulted in an increase in the proportion of the budget allocated to revenue schemes from 30% in the IDO to 60%. This has been achieved by increased support for:

- a comprehensive range of business support schemes;
- research and development, technology transfer and innovation projects;
- vocational training and related activities.

Two new elements of the 1994-96 Programme reinforced this shift in emphasis:

- the introduction of a targeted priority that aimed to achieve economic and social cohesion in 20 of the communities with the highest rates of unemployment and associated problems through support for local initiatives;
- the introduction of support for tourism marketing and promotion schemes.

Further development of the partnership approach

There has been a substantial growth in the number of organisations that have benefited from the Programme, from 35 in 1990, to 180 by the end of 1996. It has also led to an opportunity to increase the involvement in the partnership committees that implement the Programmes. The committee structure for the 1994-96 Programme has:

- the Monitoring Committee which oversees all the Structural Funds in the region has 16 members;
- the Programme Management Committee (PMC) for Objective 2 has 32 members. Similar PMCs for the Community Initiatives involve a further 40 partners. The main

function of the PMCs is to approve projects based on recommendations from advisory groups which carry out the detailed project appraisals;

- six advisory groups involve both partners and some external advisors which apply the selection criteria and recommend the projects that should be supported and propose any conditions. Each advisory group has 10 - 12 members.

Not all the 180 organisations that access support from the Programme play a role in the management process and some of the larger agencies have several members of staff involved. However over 100 individuals from 65 different organisations are actively involved in the partnership process.

The structures and processes have to be both participative and inclusive, but at the same time cope with around 750 project applications in a year effectively and efficiently. They were set up following a survey of partners in 1994 and a second partnership survey carried out in 1996 for an interim evaluation of the 1994-96 Programme demonstrated a very high degree of satisfaction with the system.

The development of an active working partnership of this nature does not happen overnight. There was a history of inter agency collaboration and joint working that has evolved from the mid 1970s in the region. Although the partnership approach was initially promoted in social policy, regional physical planning and area regeneration initiatives, its principles are accepted and promoted by the public and private sectors. This underlies the commitment to the partnership approach to the Structural Funds as no agency has needed to be convinced that it adds value to the economic development process.

Our experience suggests that there are a number of essential ingredients for a regional economic development partnership:

- partners need to be committed to an agreed strategy;
- decisions should be reached by consensus;
- it needs to be sensitive to political influences but not dominated by them;
- it has to achieve a balance between a top down approach and encouraging a bottom up approach to tackling economic and social problems
- open and transparent selection criteria and project application procedures;
- good two way communications;
- a commitment to regular independent evaluation;
- the ability to survive institutional change.

Improved project selection and appraisal systems

Since the Strathclyde IDO there has been a number of improvements to the quality of the project appraisal process. The system has to be thorough, consistent, open to scrutiny by auditors and others, and achieve the maximum economic benefits from projects. It attempts to achieve a balance between the objective selection criteria and scoring systems

introduced for the 1994-96 Programme with the knowledge and judgement of key actors in economic development in the region.

Other specific changes have been the availability of better monitoring information to inform the application process and the introduction of external advisors to the advisory groups.

Improved monitoring of project performance

The management of the financial and performance information for all the projects which have been supported in previous Programmes is a major exercise. The importance of keeping relevant information on projects has been emphasised by the Commission and The Scottish Office based on national audit office recommendations.

Since 1992 considerable effort has gone into the development of a customised project database and management information system. This has enabled more comprehensive reports on performance for the partnership committees and to improve project appraisal. Information on performance against targets is gathered with quarterly payment claims.

Increased sophistication of the Programme management, administration and IT systems

The Programme involves the management and administration of a process involving around 750 new project applications a year. This is about three times the numbers involved in the IDO. In addition the complexity of funding packages and other aspects of applications have increased the requirement for advice and guidance to partners. Staff numbers have grown to meet this demand.

The IT system have been consistently developed to assist the management process. The system is now used by the other Scottish Structural Fund Programmes. An IT Consortium has been set up to share the costs of future developments and ensure that the system meets the needs of the different Programmes.

Formalising the role of the independent Programme Executive

The concept of establishing a small free standing Programme Executive was agreed at the time of the approval of the Strathclyde IDO. Initially Strathclyde Regional Council provided the financial and other support for the Executive. In 1993, the need to expand the staffing numbers to cope with increased demand meant that a more equitable funding system was introduced. This attracted technical assistance from the 1994-96 Programme for 50% of the costs of the Executive and partners contributed the other 50% through a management charge based on the total grant approvals. This charge was 0.4%.

Following the reorganisation of local government in Scotland in 1996, which abolished the Regional and District Councils and replaced them with 12 new Councils, the Programme Executive has been a company limited by guarantee - Strathclyde European Partnership (SEP) Limited. The company was formed with the full agreement of The Scottish Office and European Commission in March 1996 to continue the management service for the Structural Funds in the region.

It was formed by the 12 Councils, Scottish Enterprise, the 5 LECs and the West of Scotland Colleges Partnership. It has a Board of six elected and two co-opted directors.

The main functions of the company are to:

- service the partnership committees;
- manage the project application process;
- monitoring financial performance and outputs against targets;
- promote and market the Programme;
- undertake evaluation and research to improve the quality of the Programme;
- develop new policy areas and prepare Programme Documents with the partnership;
- prepare annual and other progress reports.

The company also now manages an ERDF Article 10 project to develop a Regional Innovation Strategy.

This approach has been adopted in three other Scottish Programmes - Highlands and Islands Objective 1, Eastern Scotland Objective 2 and the Dumfries and Galloway Objective 5b Programmes.

We believe that there are clear advantages to be derived from an independent Programme Executive:

- a dedicated team of staff working for the best interests of the partnership and the region's economic development;
- the ability to develop flexible, open and consistent operational policies and practises that best suit the partnership;
- the ability to develop and appropriate management ethos and style;
- active and regular communications;
- a commitment to learn from experience and to the continued improvement in the quality of service to the partnership.

The final feature of the Programme that has changed since the IDO is the greater role that regular, open and objective evaluation plays. The Monitoring Committee approved a framework and timetable for evaluations until 2005 and have set up a monitoring and evaluation sub-committee to provide a more integrated approach and to oversee evaluations.

During the 1994-96 Programme the following studies have been completed:

- an evaluation of business development schemes, jointly with Eastern Scotland;
- a review of the impact of payment delays on ESF project applicants;
- a consultation exercise in the communities targeted by the economic and social cohesion priority;
- a review of the provision and demand for loan and equity finance for SMEs;
- an interim evaluation of the Programme.

Conclusion

The Scottish Office Convenor of the Monitoring Committee describes the partnership model of the management of Structural Funds Programmes as *working at the frontiers of public administration*. A recent research political scientist described it as *the multiplicity of interests and institutions interacting within the realms of paradiplomacy*. A Strathclyde councillor felt that *there was a point of reference which is genuinely independent, that people feel more involved and that they are listened to*. Another councillor thought that *ERDF is the opium of the people*.

There will never be a way of taking decisions on important issues such as investment in economic development that will satisfy everyone's views and demands. The success of the Structural Funds in Western Scotland is that the partnership has evolved. Systems have been developed to improve the impact of the Programme and to improve the implementation arrangements.

PART 2 : AN OVERVIEW OF THE IMPACT OF THE STRATHCLYDE INTEGRATED DEVELOPMENT OPERATION 1988 - 1992

Introduction and Background

The Strathclyde Integrated Development Operation (IDO) followed on from the Glasgow National Programme of Community Interest 1984-87, and was one of the first major integrated Objective 2 Programmes supported by the European Commission. The region had a population of 2.2 million, centred round the city of Glasgow, and in a number of towns dependent on traditional industries and a rural hinterland in the south and west.

Strategy and Objectives

The basis for the development of the IDO was the economic and social problems confronting the Programme area caused by the decline of the region's traditional industries which had led to it becoming one of the most economically disadvantaged industrial regions in Europe.

The development of the IDO strategy was undertaken at a time when the Strathclyde economy had experienced an employment fall of 8.5% from 894,000 persons employed in 1981 to 818,000 in 1987. During the same period, male full-time employment had declined by 15%. The greatest decline had taken place in the manufacturing sector where employment had fallen by 25% from 249,800 in 1981 to 188,000 in 1989.

As a result of the restructuring of the manufacturing industry nationally, Strathclyde was acknowledged as facing severe and deep seated economic difficulties. The region's relative isolation, very high unemployment and poor business growth record meant that the IDO's integrated approach was essential if permanent improvement was to be secured.

The Strathclyde IDO strategy had the overall aim of "*building a sound base for long-term self-sustaining growth*". The IDO sought to improve the long-term competitiveness of the region's industrial and commercial enterprises and to achieve this, eight specific objectives were established:

- to focus development programmes and initiatives on growth industries;
- to encourage the development of local enterprise, especially small and medium sized companies;
- to assist the adoption of new technology by local industry;
- to attract inward investment;
- to expand tourism, especially in rural areas;
- to improve external communications;
- to create a modern "metropolitan heart" in Glasgow; and
- to enhance the region's external image.

Seven ERDF funded Action Programmes and one ESF supported Action Programme were devised to achieve these objectives:

- Enterprise, Innovation and Investment;
- Industrial Site and Premises;
- Tourism;
- Transport and Communications;
- Underground Services and Waste Disposal;
- Environmental Improvement;
- Employment and Vocational Training.

The Employment and Vocational Training Action Programme also utilised the European Social Fund (ESF) in an attempt to meet the economic objectives of focusing on growth

industries, encouraging the growth of SMEs, assisting in the adoption of new technology and expanding tourism in the region. The training measures supported by this Action Programme were expected to support other measures promoted through the IDO. Four sub-programmes were identified:

- Business Skills Training;
- Technology Training;
- Growth Opportunities Training;
- Recruitment and Training Incentives.

The IDO strategy was designed to take the regional economy in a new direction, based on an assessment of existing strengths. This involved more emphasis on SMEs, developing new sectors such as tourism and commercial services, strengthening the most competitive sectors of the manufacturing base, and developing Glasgow's role as a regional service centre.

These aims were to be met primarily by significantly improving the region's infrastructure, in order to create the conditions within which a more modern economy could develop. Although the emphasis was very much on large capital projects, resources were also made available for a wide range of business development and training measures.

Management Arrangements

The Programme was managed by the Strathclyde IDO Co-ordinating Committee which had the overall strategic role for the Programme's implementation and management. It was responsible for monitoring and evaluation against targets, for considering revisions to the Programme, and for future direction and policy. It also took decisions on projects costing over £7m in the Transport Action Programme, and projects costing over £2m in all the other Action Programmes. The Committee met at least four times each year during the programming period.

At the Committee's first meeting in May 1989 two Working Groups were established to oversee the detailed implementation, co-ordination and monitoring of the ERDF and the ESF supported sub-programmes.

Both the ERDF and ESF Working Groups were principally involved in considering project applications and preparing recommendations for approval to the Co-ordinating Committee. They were also involved in reviewing project progress, financial reports, project monitoring and publicity arrangements.

The Programme Executive

The Co-ordinating Committee and Working Groups were supported by the Programme Executive which directed and co-ordinated the Programme activities. Initially the Programme Executive was staffed by the Programme Director, seconded by Strathclyde Regional Council, and the part-time Financial Controller seconded from The Scottish Office Industry Department. Both were appointed in June 1989. During the course of the programming period, the Programme Executive expanded to five full-time staff i.e. the Programme Director, two Programme Managers (one each for the ESF and ERDF programmes), an Administrative Officer and a Clerical Assistant.

This increase in staff was in response to the increasing workload experienced by the Executive. This workload reflected the increasing number of partners, the increasing number of applications made for ERDF and ESF support, and the increasing appraisal and monitoring requirements. It also reflected the additional guidance partners required before submitting applications. This applied to both inexperienced partners and to partners seeking to develop new types of projects.

The IDO was the first example in the UK of an autonomous executive managing a major programme. This model was encouraged by the European Commission and The Scottish Office as a way of involving the regional parties in the management of the programme. An indicator of its success is the fact that an additional three independent executives were introduced to manage the 1994-1999 SPDs in Highlands and Islands, Eastern Scotland and Dumfries and Galloway in Scotland.

The Programme Executive's managerial and organisational functions developed throughout the 1989-1992 period. This continual development was based on lessons learnt during the initial programming period but also reflected the change in emphasis of the Structural Funds with increased requirements on the need for more detailed information on physical outputs and economic impact. The experience obtained during 1988-1992 played a major role in developing the new management systems for the 1993 Western Scotland Operational Programme and the 1994-1996 Single Programming Document.

During the 1988-1992 period there was a change of emphasis in terms of the size and type of projects approved. At the beginning of the IDO, the focus was on large physical projects aimed at improving strategic infrastructure such as transport, water and sewerage. These projects played a major role in creating the physical conditions which allowed the region to develop new opportunities. By the end of the programme period the emphasis had changed to infrastructure with more direct and identifiable benefits, and to a wider range of tourism and business development projects.

The increased resources required to manage the IDO reflects the labour intensive nature of large parts of the management and administrative processes. Over the 1989-1992 period, the Programme Executive developed increasingly sophisticated information systems whose benefits were extended the 1993 Western Scotland Operational Programme, and the 1994-1996 Objective 2 Programme.

Conclusion

The introduction of a Programme Executive was successful in managing the implementation of what at the time was the largest Objective 2 programme in Europe. This was a considerable achievement considering that the IDO was the first attempt to move to a strategy based approach which covered a major region in terms of size and population and which involved a large number of public sector partners.

Over the period, the Programme Executive introduced increasing sophisticated selection, monitoring and evaluation systems to take account of the desire to assess the effectiveness of Structural Funds expenditure.

The benefits of the management system that had been developed were fully realised during the implementation of the 1993 Operational Programme. The new management practices also benefited from the move away from large scale, general infrastructure projects, where the economic benefits are difficult to measure, to projects where the direct economic benefits are easier to quantify.

Financial Review

In December 1988, the EC approved a total of 545 MECU (£380m) in grants and loans to the Strathclyde IDO. The total ERDF allocation was £232m and the ESF was allocated £42m. It was envisaged that the remaining £104m would consist of loans from the European Investment Bank (£80) and the European Coal and Steel Community (£24m).

The original ERDF allocations between the seven Action Programmes are given below. The largest Action Programme was Transport and Communications with 37% of the ERDF allocation (£85.35m), followed by Underground Services with 25% (£57.2m) and

Enterprise, Innovation and Investment with 16% (£37.354m) of the ERDF allocation. These allocations reflected the IDO's emphasis on improving the economic infrastructure of the region.

The implementation conditions of the IDO required a review of financial progress in the third year of the programme. In 1991, the Co-ordinating Committee considered the need for virement (transfer of money) taking into account: its earlier decision of 6 June 1990 to transfer £2.917m ERDF from the Enterprise Innovation and Investment Action Programme to Tourism and Vocational Training; the Programme expenditure to date; and estimates of future commitments.

The table below shows the effect of the two virement decisions on the IDO ERDF financial tables which increased the relative size of three Action Programmes, Industrial Sites and Premises (from 8% originally to 11%), Tourism Development (from 7% originally to 13%) and Vocational Training Facilities (from 1% originally to 2%). The Enterprise, Innovation and Investment Action Programme which was originally allocated 16% of the ERDF, accounted for only 7% after the two virements had taken place.

Revised ERDF Allocations by Action Programme				
	<i>Original ERDF (£m)</i>	<i>% of Total</i>	<i>Revised ERDF (£m) June 1991</i>	<i>% of Total</i>
1. Enterprise, Innovation & Investment	37.35	15	15.836	7
2. Industrial Sites & Premises	18.10	8	25.100	11
3. Tourism Development	17.00	7	29.550	13
4. Transport & Communications	85.35	37	85.350	37
5. Underground Services	57.20	25	57.200	25
6. Environmental Improvements	14.20	6	14.200	6
7. Vocational Training Facilities	2.45	1	4.417	2
TOTAL	231.65	100	231.654	100

The virement reflected the increasing importance of tourism in the regional economy. Throughout the late 1980s the increasing importance of tourism for non-traditional tourism destinations had been recognised as a potential source of employment in urban and industrial economies. As a result, many local partners developed new tourism strategies with an emphasis on supporting new, quality tourist facilities.

The increase in the Sites and Premises Action Programme reflected both the investment in transport infrastructure which had opened up new sites and the need to provide better quality serviced sites and premises in a variety of locations throughout the region. Throughout the Programme period there was a geographical shift in the provision of new sites and premises. The three New Towns of Irvine, Cumbernauld and East Kilbride were expanding and were able to develop new, often greenfield sites with good transport links

which were particularly attractive to inward investors. These locations made a major contribution to modernising the stock of sites and premises available in the region.

The decision to reduce the funds available in the Enterprise, Innovation and Investment Action Programme reflected, in part, difficulties with the issues of funding. This problem was identified in the interim evaluation report, undertaken by *Pieda* in 1991, which recommended that it was addressed as a priority.

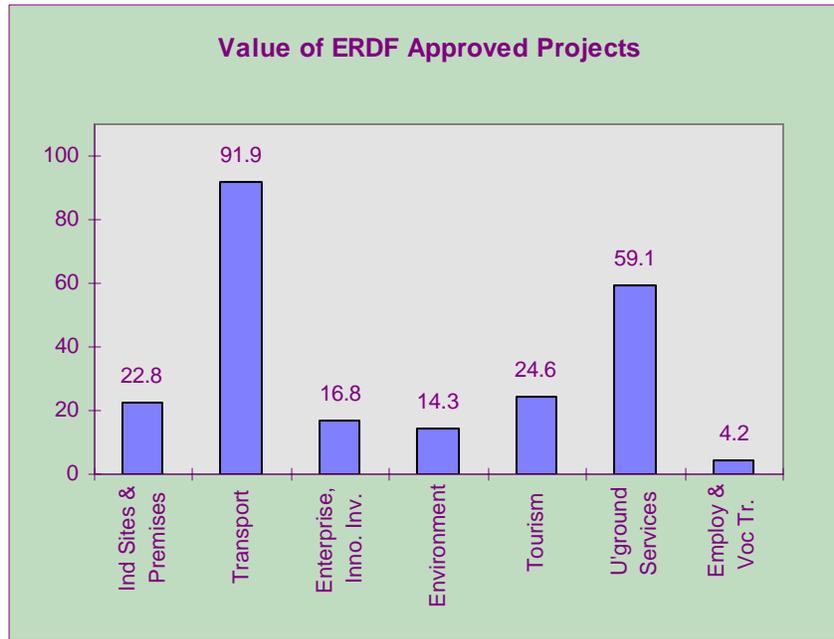
The difficulties of moving from a Programme orientated towards capital projects to one which involves both capital and revenue ERDF funded projects should not be underestimated. Most of the capital projects were promoted by experienced local authority departments. There was relatively less experience, however, in developing business development projects and considerable time was spent by partners in developing new schemes. The nature of many revenue funded projects also meant that it was difficult to forecast take-up accurately.

The experience gained in the IDO Programme, of designing and implementing new revenue supported schemes, has had a lasting impact on the subsequent 1993 Operational Programme and the 1994-1994 Single Programming Document.

Review of ERDF Action Programmes

The largest Action Programme, in terms of approved applications was Industrial Sites and Premises with 92 projects approved. This was followed by Environment and the Enterprise, Innovation and Investment Action Programme with 79 and 75 projects approved respectively. A total of 57 projects were approved under Transport and Communications, 48 under Tourism and 35 under Underground Services. The lowest number of approved projects (9) was under the Employment and Vocational Training Action Programme.

The value of ERDF grant applications was dominated by the Transport and Communications Action Programme with ERDF approvals of £91.9m. This was followed by the Underground Services Action Programme with approvals totalling £59.1m, Tourism with £24.6m and Industrial Sites and Premises with £22.8m of ERDF approvals.



The table overleaf presents the ERDF spend by sector. Strathclyde Regional Council accounted for the majority of the total programme spend. They claimed a total of £122m or 53% of the total ERDF expenditure (£230.449m). The District Councils and the Strathclyde Passenger Transport Executive/ScotRail together accounted for almost a quarter of the total ERDF expenditure - 13% and 11% respectively. The LECs and the “other” partners (over 20 organisations) accounted for 9% and 6% of the total ERDF expenditure.

ERDF Sectoral Breakdowns		
<i>Partner Organisation</i>	<i>ERDF</i>	<i>%</i>
Regional Councils	£122.022 m	53%
District Councils	£29.743m	13%
Strathclyde Passenger Transport Executive/ScotRail	£24.713m	11%
Local Enterprise Companies	£21.266m	9%
Scottish Office/Scottish Enterprise National	£6.968m	3%
Development Corporations	£11.824m	5%
Other	£13.915m	6%
TOTAL	£230.449m	100%

The exceptionally high proportion of expenditure accounted for by a single partner, Strathclyde Regional Council, reflects the IDO's focus of providing support for infrastructure projects, and the Regional Council's responsibility for roads, water and sewerage provision in the region. The other noticeable feature is that 18 District Councils accounted for 13% of expenditure but the three Development Corporations accounted for 5%. This reflects the level of resources made available to the New Town Corporations and their leading role as locations for inward investment.

Socio-Economic Change in the Region

In order to try and assess whether or not the Strathclyde IDO had a measurable impact at the regional level, a series of economic indicators have been reviewed. The difficulty in identifying change using a "top-down" approach is because the support available through the Structural Funds is relatively small when compared to the size of the regional economy. In addition, most regional economies are subject to national and international influences and an overall downturn in the national economy, for example, can make it difficult to identify positive effects generated by Structural Fund interventions. In an attempt to overcome this, Strathclyde's performance has been measured relative to Scotland and the UK (GB in some cases).

The Strathclyde figures for GDP per head have fallen relative to the UK figure over the 1981 to 1993 period. This is in contrast to the Scottish figures which have risen from 96.3 in 1981 to 99.0 in 1993. Over the life of the IDO, however, the Strathclyde GDP figure has increased slightly from 88.8 in 1989 to 89.3 in 1993. This aside, the region continues to lag significantly behind the national average, and it is clear that in spite of the resources made available through the IDO, considerable work remains to be done.

GDP (£ per head) Index					
	1981	1987	1989	1991	1993
Strathclyde	89.8	89.1	88.8	88.3	89.3
Scotland	96.3	94.5	92.7	95.8	99.0
UK	100	100	100	100	100

Average male gross weekly earnings in Strathclyde increased at approximately the same rate as Scotland's during the 1987-1994 period. Scotland's figure remained slightly higher by 1994 (£335.60 compared to £332.30). However, in the 1992-1994 period, Strathclyde's earnings increased at a higher rate than Scotland's, an increase of 17.3% compared to 11%, although both were well below the UK figure of £361. By 1994, the gap between Strathclyde and the UK had actually widened, with male average earnings almost 10% below the national average.

Average Gross Weekly FT Earnings (Male Total)							
	1987	1988	1989	1990	1991	1992	1994
Strathclyde	212.9	229.0	247.9	273.8	291.1	315.0	332.3

Scotland	214.6	233.3	251.2	276.4	299.5	324.6	335.6
UK	223.4	245.1	268.7	295.6	318.9	340.1	361.0

Similar trends can be found with female average earnings. Female earnings have increased on a similar level over the 1987-1994 period in both Strathclyde and Scotland, with the UK as a whole faring better - an overall increase of £113, compared with £104.20 in Scotland and £104.60 in Strathclyde. During the 1992-1994 period, Strathclyde experienced an increase in earnings of £26.40 compared to £22.20 in Scotland and only £19.70 in the UK as a whole. In spite of this, there has been a slight deterioration in the situation between female average earnings in the region and the UK between 1987 and 1994.

Average Gross Weekly FT Earnings (Female Total)							
	1987	1988	1989	1990	1991	1992	1994
Strathclyde	140.7	154.5	172.9	190.1	209.2	218.9	245.3
Scotland	139.9	152.2	169.6	187.2	206.5	221.9	244.1
UK	147.8	163.8	181.9	201.5	222.4	241.1	260.8

In terms of total employment change, Strathclyde experienced a 5.2% increase in employment over the 1987-1989 period. This increase was greater than the Scottish and GB increases of 4.6% and 4.5% respectively. However, over the 1989-1993 period, Strathclyde lost 36,000 jobs - a fall of 4.2%. This was less than the 5.1% fall in GB but in contrast to the 0.2% employment increase experienced in Scotland.

Total Employment 1984-1993 (000s)						
	1987	1989	1991	1993	% Change 87-89	% Change 89-93
Strathclyde	818	861	851	825	+5.2	-4.2
Scotland	1,880	1,967	2,004	1,972	+4.6	+0.2
GB	21,271	22,234	21,569	21,105	+4.5	-5.1

Strathclyde lost 31,000 manufacturing jobs over the 1991-1993 period. This 17.9% fall in manufacturing employment was greater than both the fall of 10.7% in Scotland and GB of 8.3%.

Manufacturing Employment (000s)			
	1991	1993	% Change
Strathclyde	173	142	-17.9
Scotland	354	316	-10.7
GB	4,162	3,818	-8.3

Employment in services, on the other hand, increased by 9,000 jobs or 1.5% over the 1991-1993 period in Strathclyde. This increase was greater than the 0.8% and 0.6% increases for Scotland and GB.

Service Employment (000s)			
	1991	1993	% Change
Strathclyde	605	614	+1.5
Scotland	1,440	1,451	+0.8
GB	15,742	15,834	+0.6

The total VAT stock in Strathclyde increased by 1% over the 1989-1993 period (Table 10.11). This was an encouraging performance considering that the UK experienced a fall of 5.5%.

Vat Stock (1989 - 1993)				
	1989	1991	1993	% Change 89-93
Strathclyde	40,401	42,085	40,787	+1.0
UK (000s)	1,658	1,716	1,567	-5.5

Although there was an increase in the number of businesses in Strathclyde over the 1989-1993, this was not enough to reduce the gap between the region and the UK in terms of VAT registered businesses per 1000 population. The difference between Strathclyde and the UK is substantial. If Strathclyde had an "average" number of VAT registered business, total registrations would rise from 40,787 to 61,180.

Vat/1000 Population			
	1989	1991	1993
Strathclyde	17.5	19.0	17.8
UK (000s)	29.0	29.7	26.9

As with Scotland and the UK, Strathclyde's unemployment rate decline in the late 1980's increased during the recession in the early 1990s and then fell again in the 1994 to 1996 period. The unusual nature of the recent recession, where the South East of England experienced the most severe downturn, has meant that there has been a relative improvement in the region's unemployment position. The traditional pattern of the highest unemployment being in the UK's northern regions has begun to re-emerge and it is unlikely that the relative improvement in the region's position will be sustained.

At January 1996, Strathclyde's unemployment rate of 9.5% was 16% above the GB average). The rate of 9.5% represented over 100,000 people registering as unemployed.

The overall male rate was 13.8% and the male unemployment rate for those aged between 20 and 24 was 21%. These figures are indicative of the continuing severity of the unemployment problem.

Claimant Unemployment Rate								
	<i>Oct-</i>	<i>Oct-</i>	<i>Jan-</i>	<i>Jan-</i>	<i>Jan-</i>	<i>Jan-</i>	<i>Jan-</i>	<i>Jan-</i>
Strathclyde	17.3	14.4	11.1	10.6	11.9	12.2	10.3	9.5
Scotland	14.5	11.9	8.7	8.5	9.7	10.3	9.0	8.3
UK	11.1	8.6	5.9	6.9	9.4	10.8	8.9	8.2

Conclusion

There is little evidence from the economic data of permanent change in the region. This is not surprising given the difficulties of securing economic change in a region as large as Strathclyde, and where the economic problems are deep rooted. Many of the benefits of the IDO are still being realised, and it will be in the 1995 and 1996 period when the main impact is realised. Economic data on these years will not be available until 1997 or 1998.

Realising the Objectives

The manner in which the strategic objectives were framed means that a simple pass or fail interpretation is not appropriate. In most cases, the aim was for the IDO to contribute towards general, unquantified aims rather than a series of specific, easily measurable goals. This does not mean that the objectives are not valid, merely that assessing progress has a qualitative dimension. In many cases it would be unrealistic to expect any four year programme to bring about wholesale change, given the severity of the economic and social problems experienced in Strathclyde. The more relevant judgement is to what extent the IDO contributed to the partial achievement of the objectives taking into account their long-term nature.

Objectives:

1: To Focus Development Programmes and Initiatives On Growth Industries

The IDO played an important role in the development of growth industries, although this involved projects funded under a number of Action Programmes. The three most important growth sectors were tourism, business services and inward investment. In the case of inward investment, the IDO through both the sites and premises support, and the transport improvements played an important role in allowing the New Towns to remain competitive with other regions.

The tourist projects in Glasgow and the road and rail improvements allowed both tourism and business services employment to increase considerably. In the latter case, a large proportion of employment in the city centre is in business and financial services, and the city has attracted a number of large UK-based investments.

2: To Encourage The Development Of Local Enterprise, Especially Small And Medium Sized Companies

The IDO has assisted a considerable number of SMEs within the region. The monitoring information identified some 10,000 SMEs assisted by the Enterprise, Innovation and Investment Action Programme. A considerable number of SMEs were also assisted by the projects funded under the Sites and Premises Action Programme, and through training provided by the ESF Programme.

Although SME development had been a priority since the mid-1980s, it was the IDO which encouraged a broad range of projects to be brought forward, targeting SMEs with a variety of support including a number of very successful region wide schemes.

3: To Assist The Adoption Of New Technology By Local Industry

The IDO has played a small but important role in encouraging local industry to employ new technology. This was carried out through a number of schemes, the most noticeable of which was the Management and Technology Training Grant scheme run by Strathclyde Regional Council. Other schemes which encouraged the take-up of new technologies included the Product and Process Innovation Scheme (Enterprise Ayrshire), and the Product Innovation Support Scheme (Lanarkshire Development Agency).

4: To Attract Inward Investment

The IDO was instrumental in establishing the conditions for the region to gain substantial benefits from inward investment. Inward investors were attracted to all parts of the region, although the New Towns of Cumbernauld, East Kilbride and Irvine were particularly successful. Amongst the many companies attracted to the region were Motorola and Oki. The number of inward investors operating in the region fell from 169 in 1980 to 139 by 1986. This had, however, increased to 158 by 1992. Employment also increased from a low of 30,537 in 1986 to 36,457 in 1992.

5: To Expand Tourism

The need to increase tourism numbers was recognised from the outset of the IDO and reflected a number of factors. The first of these was the long-term decline of the Clyde and Ayrshire coastal resorts. The second and more important factor, was the region's failure to attract tourists due to its negative industrial image - Edinburgh and the Highlands and Islands were the most popular tourist destinations in Scotland. The IDO

coincided with a re-assessment of tourism in the UK and this led to the recognition that non-traditional tourist locations had considerable potential, especially if they were promoted as cultural and heritage locations. As a result, cities such as Glasgow began to aggressively promote themselves in the tourism market.

The IDO supported a number of important projects in Glasgow and, as a result, the city has become established as a major centre, supported by some very high profile marketing campaigns. In terms of expenditure, a major proportion was taken up by a number of wet weather attractions - Monklands Leisure Centre (£4.93m total cost), Magnum Leisure Centre (£3.54m total cost), Paisley Lagoon (£4.55m total cost) and the Clydebank Tourist Village (£4.66m total cost). All of these developments attracted substantial numbers of users, the majority of which were people resident within the region.

The IDO's key contribution to tourism was in the funding of major projects in Glasgow which helped establish the city as a major tourist attraction. This has benefited the wider region as the majority of visitors travel on to other destinations, such as Loch Lomond or the Clyde Coast.

6: To Improve External Communications

The need to improve external communications was particularly important for the region. The peripheral nature of the region, in both a European and national context, meant that the improvement of external communications was crucial to the long-term development of the region. The IDO assisted with major improvements to the strategic road and rail network, as well as to Glasgow and Prestwick Airport. In the case of Glasgow Airport, there has been considerable expansion of its international connections both in Europe and North America, and Prestwick has developed into an important freight centre.

The interim evaluation concluded that 72% of road related expenditure was targeted on the strategic road network. Four projects were of particular significance - M80 Stepps By-Pass (total cost £26.49m), the Johnstone-Howood By-Pass (two projects : total costs £22.15m and £8.52m), St James Interchange M8 Paisley (total cost £15.96m). These particular schemes removed major bottlenecks in the road transport system and removed transport constraints which were affecting large parts of the region.

The importance of transport links to and from Glasgow were critical to regional development. In 1991, the city accounted for 35% of regional employment, and 50% of these jobs were held by people resident outside the city

The IDO made a major contribution to improving the external communications of the region, and at the same time contributed to internal communications. The major projects relating to the strategic road network and to the airports have had a lasting effect on the region. Although difficult to quantify, it is clear that without the improvements funded by the IDO, the region would not be in a position to either compete for inward investors or

to offer indigenous businesses an efficient transport system to transport people and goods.

7: To Create A Modern “Metropolitan Heart” In Glasgow

The interim evaluation recognised the contribution which the IDO had made to creating a metropolitan heart in Glasgow - *“the IDO has contributed to the development of Glasgow’s metropolitan heart” - notably through the “flagship” Royal Concert Hall and improvements to transport infrastructure. Progress here is part of a long-term trend resulting from initiatives well before the IDO inception. The IDO is contributing to the maintenance of the momentum.”*.

The projects funded by the IDO in relation to tourism in particular, have played a major role in changing Glasgow into a regional commercial, tourism and leisure centre. These have included the Royal Concert Hall, the MacLellan Galleries, the Cathedral Precinct and the St Mungo’s Museum of Religious Art. These are now among the top tourist attractions, and are also visited by substantial numbers of local people.

The transport improvements funded by the IDO, such as, the Stepps By-Pass and the rail improvements, have made it easier for large parts of the region’s population to travel to Glasgow for work or leisure purposes.

Glasgow has now become established as both a tourist and commercial centre. By 1991, 77.2% of employment in the city was in services, compared to a Scottish figure of 70.4%. Employment in banking, finance and insurance has increased to 14.6% of employment, compared to a Scottish figure of 9.9%. In 1991, Glasgow City Centre accounted for 10.5% of all employment in the region, over 87,000 jobs. The city still faces considerable problems with high unemployment and large areas suffering from multiple deprivation. Many of the beneficiaries of the “new” Glasgow are actually from outside the city. The IDO did not specifically address the need to target particular communities within the city or region.

8: To Enhance The Region’s External Image

Changing a region’s external image is a long-term goal. This aside, the IDO has played a major role in changing attitudes. The high profile nature of some of the Glasgow based projects, such as, the Royal Concert Hall, the road improvements, the removal of dereliction and general environmental improvements have changed many perceptions of the region. Although much remains to be done, the IDO can be given credit for making a substantial contribution to changing Strathclyde from a region blighted by the collapse of its traditional manufacturing base, to a more modern economy with improved infrastructure and a more varied employment base.

Conclusion

The IDO made a significant contribution to the realisation of many of its strategic objectives. In particular, the improvements to strategic infrastructure have created the conditions for continued business and employment growth. The IDO did, however, operate at a time of national economic recession and as a result, many of the benefits are still being realised.

In terms of its original objectives, the IDO made a considerable impact in promoting SMEs, increasing the number of inward investors, encouraging tourism, and creating a metropolitan heart in Glasgow. The impact of the IDO was a result of both major infrastructure projects, and smaller scale, but important, revenue projects. The improved conditions created by the IDO were further developed by both the 1993 Operational Programme and the 1994-1994 Single Programming Document.

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