

EUROPEAN REGIONAL DEVELOPMENT FUND

UK REGIONAL DEVELOPMENT PROGRAMME 1986-90

Section 9: Scotland

Section 10: Northern Ireland



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European Regional Development Fund

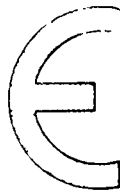
**UK REGIONAL DEVELOPMENT
PROGRAMME 1986-90**

Section 9: Scotland

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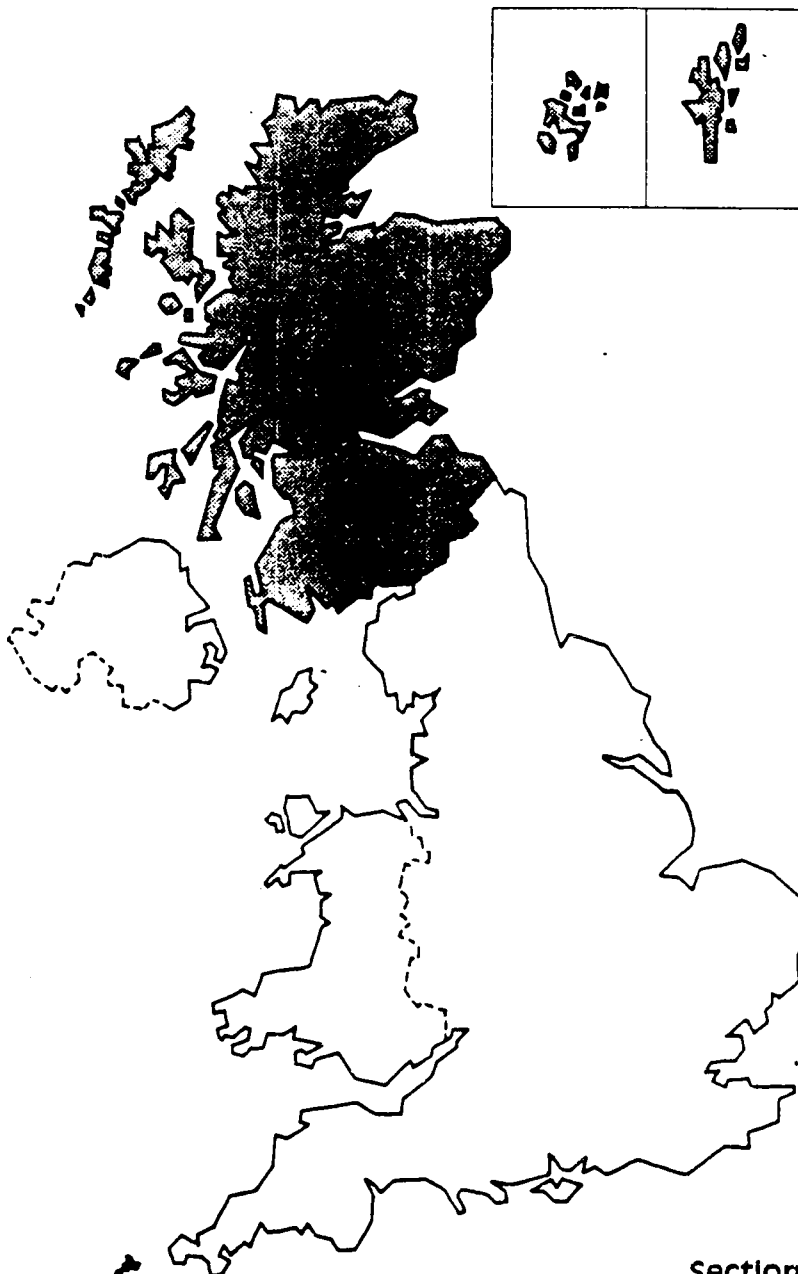
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European Regional Development Fund

UK REGIONAL DEVELOPMENT PROGRAMME 1986-90



Section 9: Scotland

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PREFACE

Sections 1 to 6 of this Programme have described in general terms the main regional problems of the United Kingdom and the policies which are being applied to overcome them. Sections 7 to 10 describe in greater detail the situation in the areas where the UK may be seeking assistance from the European Regional Development Fund. In common with the preceding sections these regional profiles have been structured in accordance with the requirements of the outline for Regional Development Programmes (official journal No C69/2 of 24 March 1976). Each profile is preceded by a summary table and map which together define the area covered and an index to the contents.

The regional profiles cover contiguous blocks of travel to work areas (TTWAs) which have Assisted Area Status or Aided Area Status and are thus eligible for ERDF assistance. As far as possible these are defined to coincide with local authority areas or groups of areas and have been considerably revised since the previous Regional Development Programme so as to facilitate the compilation and presentation of information in a sensible way. Unlike certain other Member States, the UK does not have a federal system or government. Institutional arrangements and the resulting administrative structure are both highly centralised with central planning undertaken through separate regional and sub-regional authorities. For strong functional reasons different sectoral planning authorities operate according to different regional boundaries. Some of the illustrative statistics in the Programme therefore may relate to slightly different areas because so much information is compiled using local authority districts, counties or some other sectoral planning units. The length and detail of the individual profiles vary as there is a considerable variation in geographical and demographic size. The variety has many advantages, for it is an opportunity to compare the operation and planning of regional development in areas of differing size and make up.

Although the outline provides a structure for each of the regional profiles considerable variety has been used in the definition and presentation of problems, plans and individual development measures to avoid a rigid format. As far as possible information has been presented to accord with the extent of each particular Profile area. However the sort of information and the level of detail required is not always readily available in the standard form for this purpose and could not be obtained except at disproportionate cost. Approximations or surrogate data for the nearest corresponding administrative unit have therefore been necessary. This approach over the structure and content illustrates the degree to which participation of local and

other public authorities has been essential in the preparation of Profiles. Local authorities in Northern Ireland have not however been involved in the preparation of Section 10 of the Programme.

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REGIONAL DEVELOPMENT PROGRAMME

SECTION: 9A

SCOTLAND OVERVIEW (SEE MAP 2)

9A.1 SOCIAL AND ECONOMIC ANALYSIS

General background

1.1 At 77,200km² (7.72m hectares) Scotland has more than one-third of Great Britain's land area, but, with only about one-tenth of the population (ie 5.15m mid-1983 estimate) it is one of the least crowded countries in the western part of Europe (66 persons per km²). Scotland is one of the most peripheral regions of the European Community. Even taking a direct line, the capital, Edinburgh, is 766 kms from Brussels, while Stornoway is 1088 kms, Stranraer 782 kms and Lerwick 1115 kms. (See Map 1)

1.2 Geographically, there is a marked contrast between the central lowlands, where industry and the urban population are concentrated, and the rest of the country which is basically rural except for the presence of Aberdeen City with its attendant offshore oil and gas based developments. The five regions of Central Scotland (ie Central, Fife, Lothian, Strathclyde, Tayside), contain four-fifths of the population in rather more than a third of the land area. It is the industrial heart of Scotland where the steel, textiles, mechanical engineering, coal and shipbuilding industries provided the stimulus for growth in the nineteenth century and the first half of the twentieth century.

1.3 65% of Scotland's land mass lies above 120m, 14% above 460m. A backbone of deeply dissected mountains dropping steeply to the sea runs down the west of the country to Loch Lomond. East of the highland backbone and over most of the Southern Uplands lie extensive rolling plateaux, sometimes as high as the mountains to the west. Large areas of the North-east and South are occupied by broad subdued plateaux at intermediate levels and a lowland fringe exists round much of the country. This is more extensive in the east and south, though even the Central Lowland area is discontinuous, being interrupted by steep-sided hill masses which rise to heights of over 600m. (See Map 2).

1.4 Agriculture, as the table below shows, is the principal land use in Scotland.

Principal land uses (1982)

	Hectares	%
Agriculture (including rough grazing)	6,370,000	82.5
Productive forest area	857,000	11.0
Other uses (including the urban area)	493,000	6.5
TOTAL	7,720,000	100

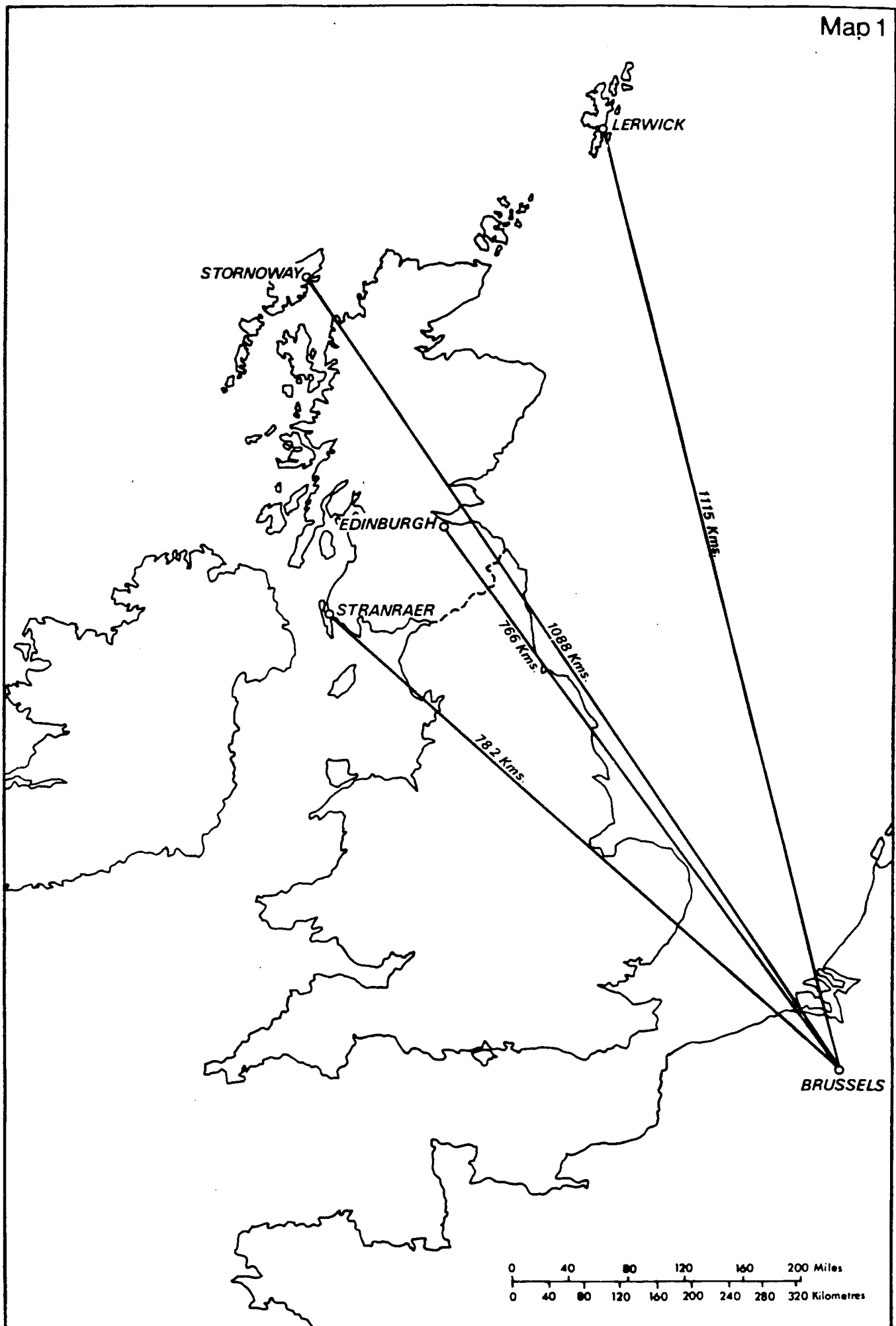
Of the agriculture area, 28% is arable or under permanent grass, the rest (72%) is only suitable for rough grazings. Indeed, about 88% of Scotland is classified as a "less favoured agricultural area" in terms of EC Directive 75/268 (see Map 5).

1.5 Scotland has a workforce of about 2.3m (8% of the UK workforce) though the number of employees in employment is some 1.94m (1985 figure). A broad sectoral breakdown of employment is shown below:

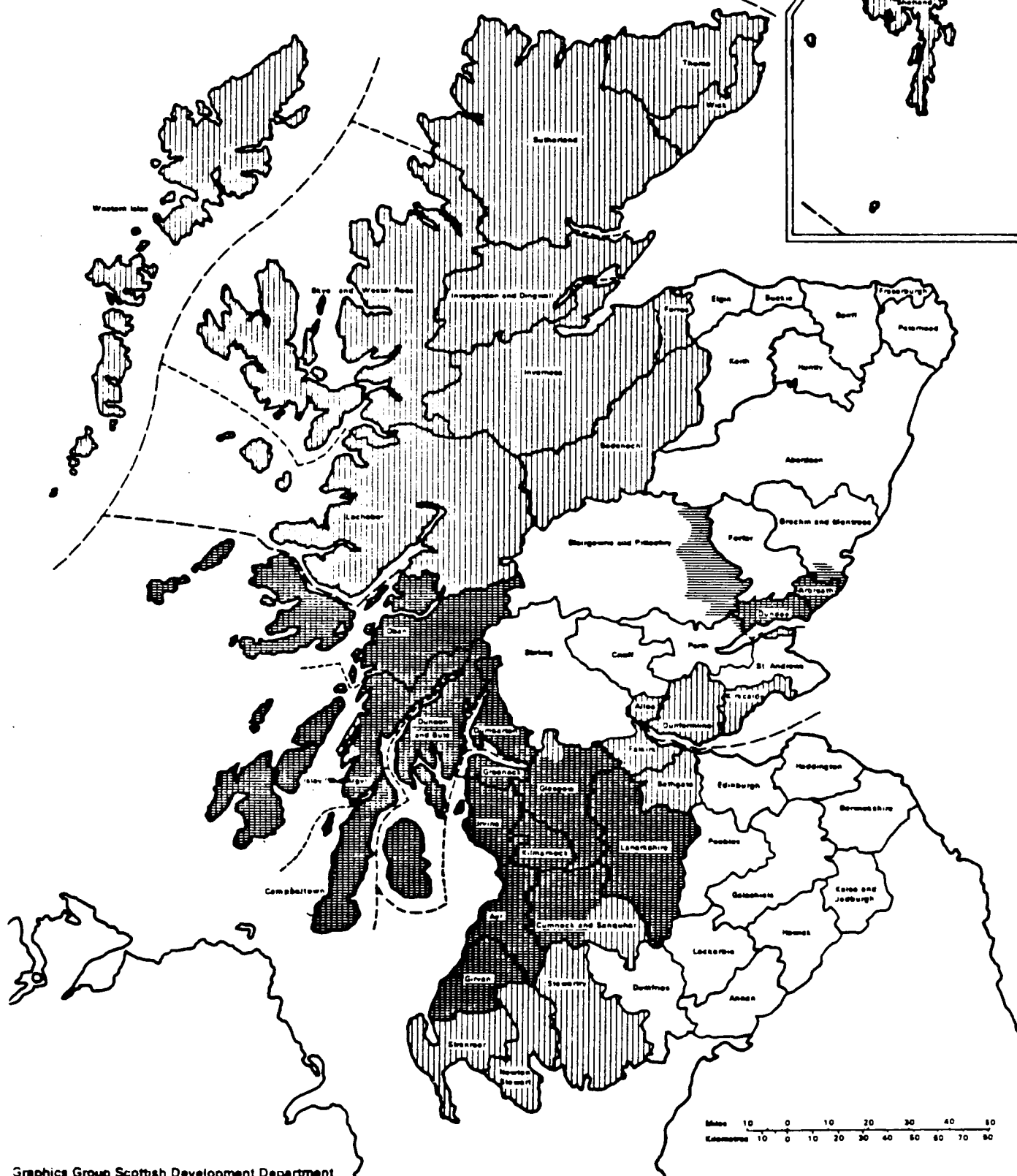
Employees in employment (June 1985)

	%
Primary (Agriculture, energy and water supply)	6.1
Manufacturing	22.3
Construction	5.9
Services	65.7

Map 1



Map 3



1.6 Output of goods and services (based on the income measure of Gross Domestic Product) in Scotland in 1984 totalled around £22,800m, broken down as follows:

Distribution of Scottish output - by sector in 1984

	%
Agriculture, forestry and fishing	3
Energy and water supply	5
Manufacturing	25
Construction	7
Distribution, hotels & catering, repairs	14
Transport and Communications	8
Other services	38

Overall Scotland's GDP was 8% of the UK total, and GDP per head in Scotland was 96.1% of that in the UK.

1.7 Since November 1984, some 64% of the Scottish land area falls within the UK system of regional aids taking in 67% of the Scottish working population. The areas qualifying for ERDF assistance in Scotland, including steel, shipbuilding and textiles non-quota areas are shown on MAP 3. The assisted areas fall into 5 groups (see Map 4):

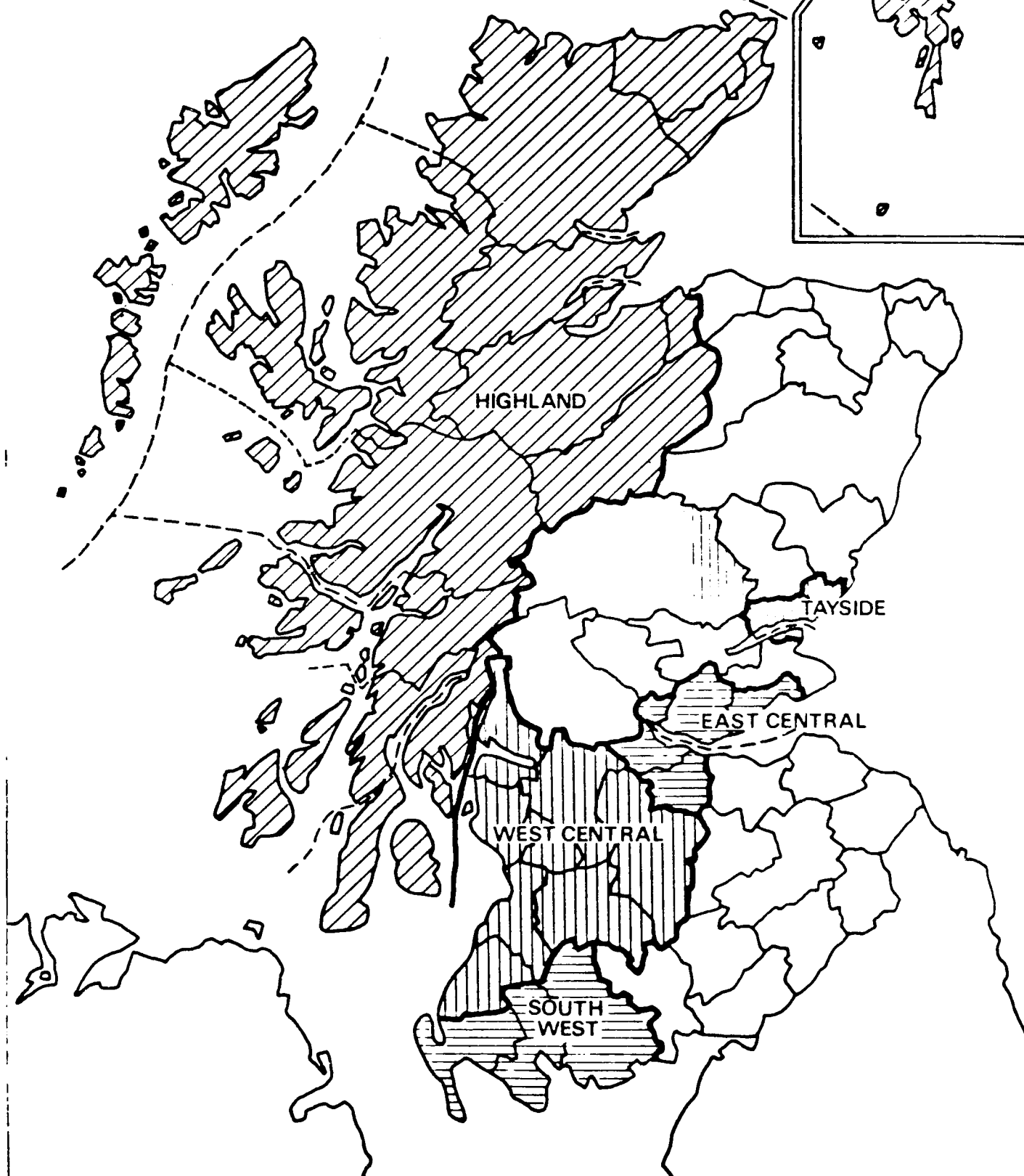
	<u>Land</u>	<u>% Scotland Population</u>
HIGHLANDS AND ISLANDS Highland, part Strathclyde, part Grampian, Orkney, Shetland, Western Isles.	46%	6.4%
TAYSIDE Part Tayside, part Fife.	1%	4.2%
EAST CENTRAL Part Fife, part Central, part Lothian, part Tayside.	3%	11.4%
WEST CENTRAL Most Strathclyde, part Dumfries and Galloway.	10%	43.7%
SOUTH WEST Part Dumfries and Galloway.	4%	1.0%
	<hr/> 64% <hr/>	<hr/> 66.7% <hr/>

Profiles of each of these areas and maps are given in the following sections of the Programme. Comparative statistics on employment and population are given in Annex 1.

1.8 The whole of West Central has development area status, except the Ayr, Campbeltown and Dunoon and Bute TTWAs, which are intermediate areas. The whole of the Tayside profile is a development area except for the Blairgowrie area which is now non-assisted. South-West and East Central have intermediate area status, except Bathgate (development area status). The whole of the Highlands and Islands with the exception of the Forres TTWA is assisted through the Highlands and Islands Development Board, and the Western Isles, Skye and Lochalsh, Sutherland, Wick, Invergordon and Dingwall, Lochaber and Badenoch TTWAs also have intermediate area status. The Forres TTWA has intermediate area status. (See Map 3)

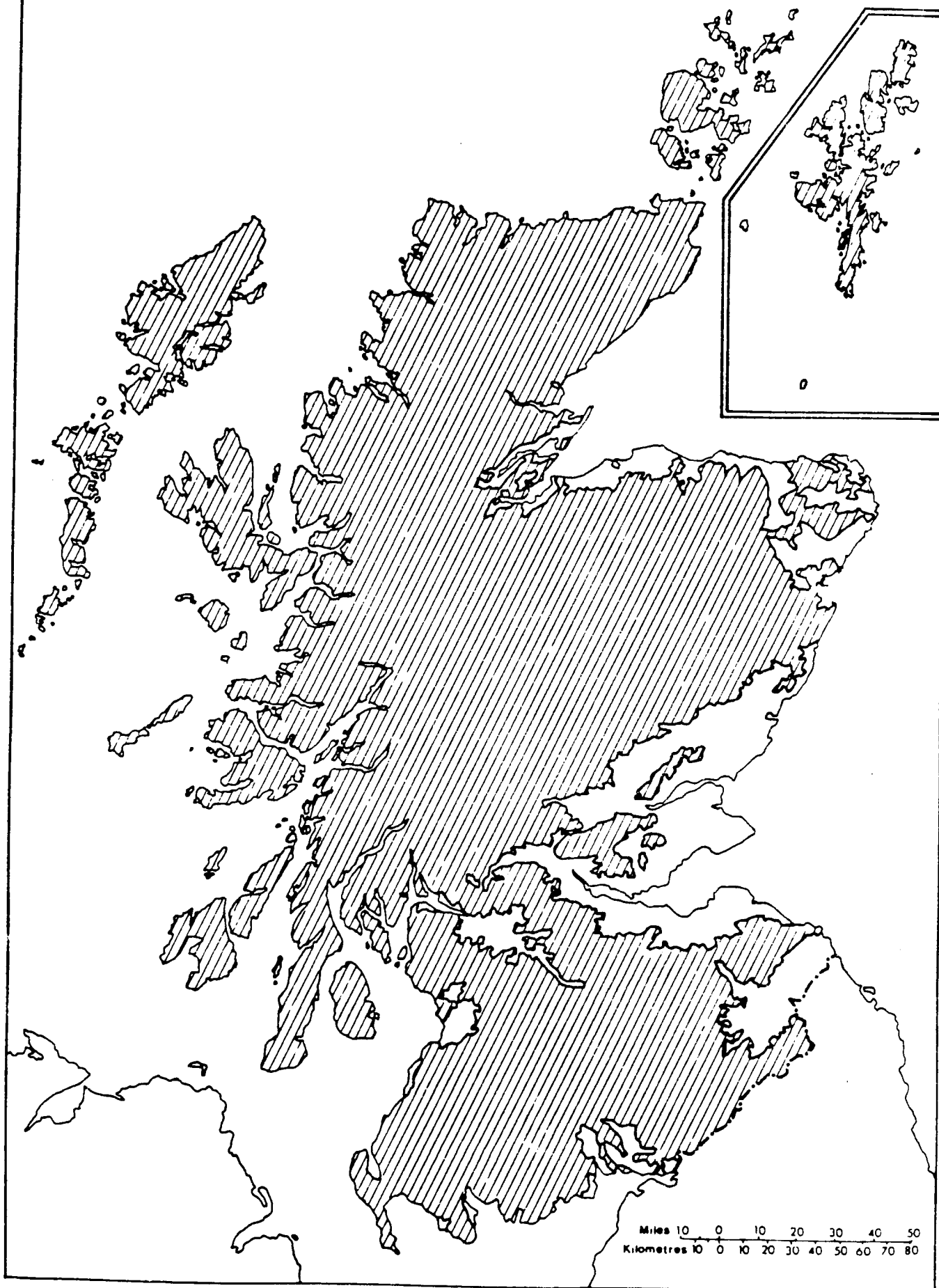
Map 4

Travel-to-Work Area - - - - -
Profile Area —————
Non Assisted Area |||||
Eligible for Non-Quota



LESS FAVOURED FARMING AREAS IN SCOTLAND

Map 5



Problems

- Economic

1.9 Scotland's economic prosperity in the 19th Century was founded on a narrow economic base - iron and steel, locomotive manufacturing and shipbuilding. This became a severe handicap in the 20th Century as these industries began to decline. Economic prosperity had brought large scale movements of population into the central belt of Scotland, and decline in the basic industries was accompanied by a severe fall in employment in the industrial areas, particularly in and around Glasgow and Dundee.

1.10 Employment in manufacturing in Scotland continues to decline severely. 110,000 jobs were lost between 1971 and 1981. Again, the industries in most rapid decline have been steel, parts of mechanical engineering, shipbuilding, textiles and paper.

1.11 In addition, increased mechanisation and efficiency in agriculture and a fall in the demand for coal after the Second World War were reflected in a rapid and sustained run-down in primary sector employment, which lost 114,000 jobs between 1952 and 1970. By 1981 employment in this sector had fallen by a further 5.8%.

1.12 In the more remote rural areas of Scotland, the emphasis is on plurality of occupation with dependence on agriculture, fishing, craft industries such as knitting and weaving, and tourism. Here too traditional economic activities, such as the kelp industry of the Hebrides and herring fishing on the NE coast, have declined with changing patterns of demand.

- Geographical

1.13 The main geographical constraint to development is provided by physical barriers to communications (ie mountains or stretches of water). The Scottish Islands are very dependent on ferry services. Throughout Scotland access to the national road network is regarded as important for encouraging and developing industry. The climate has a discouraging effect on tourism and weather independent facilities are required to extend the season.

- Infrastructure

1.14 Since 1975 the ERDF has made a substantial contribution towards improving infrastructure in Scotland. In total, awards of £375m have been made for Scottish infrastructure projects. Nevertheless, there are still gaps in the infrastructure network and bottlenecks which require to be removed. The development of new sites for industrial development will require the provision of local services and in the case of major initiatives improvements to the regional infrastructure networks. The renewal of outworn infrastructure (roads, water mains and sewers) is a priority in urban areas. Many systems were laid down in the nineteenth century and are in need of modernisation, extension or augmentation to suit the industrial conditions and locations of the late twentieth century, and to allow inward investment to be attracted and indigenous potential encouraged. In rural areas there is a need to overcome problems of remoteness through improved communications and the provision of basic services (water, sewerage treatment, electricity).

Prospects

1.15 The substantial changes in Scottish industry over the post-war period now mean that the performance of the economy over the next five years or so is less likely to be hampered by an adverse overall structure of output and employment than was hitherto the case, but there are a number of sectors in the economy which give specific cause for concern.

1.16 Serious problems continue to affect the steel and shipbuilding industries with the imbalance between world supply and demand likely to persist for some time. In both industries, efforts are being made to improve productivity and bring manning levels into line with competitor countries. While this is necessary to ensure viability in the medium term, it is likely to lead to further employment losses in the short term. Elsewhere in manufacturing, many industries, most particularly in the heavy engineering sector, suffered badly in the recent recession and recovery in most instances is proceeding only slowly.

1.17 Employment in the Scottish coal industry over the past decade declined at a faster rate than in Great Britain, reflecting the exhaustion of many older pits and the more favourable geological conditions elsewhere. Although the output of the industry is now concentrated on many fewer pits, there remains the possibility of further cut-backs.

1.18 Within manufacturing there are a number of industries which offer opportunities for growth over the current decade. The rapid pace of development in micro-electronics is bringing about major changes throughout a wide range of industries and Scotland is relatively well-placed to take advantage of developments in this area. Electronics firms have become an important feature of the Scottish economic scene, and facilities in Scottish educational institutions have been considerably expanded in recent years, both in terms of teaching and research. By 1984, the electronics industry employed more than 40,000 people in Scotland in over 200 companies, both large American and Japanese firms and smaller indigenous firms. There are opportunities for further expansion of the electronics industry and for the application of micro-electronics throughout industry generally.

1.19 Other industries in the high technology field which can draw both on Scotland's existing industrial base and also on the research expertise of her universities are health care and biotechnology. Recognising the potential in these areas, the Scottish Development Agency has established a health care and biotechnology division with the objective of assisting industry to take up opportunities in these fields arising from new processes, products and services. There are currently over 70 health care companies in Scotland ranging from small, locally owned enterprises to large subsidiaries of multinational companies.

1.20 While the very rapid growth in oil-related employment has slowed down North Sea oil and gas developments are expected to offer new employment opportunities for at least the next 10 years and possibly much further ahead. The timing and pace of development will depend on a number of factors among them the price of oil and the costs of recovery. The fields now awaiting development decisions are smaller on average than those developed this far. It seems likely that the pattern of the future will generally involve the development of smaller reservoirs in more difficult circumstances, for example in increasing depths of water. In considering cost savings of exploitation, one obvious area is in platforms. There is already evidence that the industry is looking for methods of diversifying the facilities as well as considering other methods of production such as sub-sea completions and re-usable floating platforms. This could have long-term implications for the platform construction industry in Scotland.

1.21 Potential opportunities for development exist in the processing of other natural resources such as food and timber. Over the next decade, the rising supply of timber provides the prospect of expansion in the wood processing industries and to encourage such developments the Forest Products Development Group has been set up under Scottish Development Agency/Highlands and Islands Development Board sponsorship to involve the various forestry interest groups. As techniques improve, successful commercial fish farming can be expected to expand. Scotland, with its sheltered western sea lochs and numerous inland lochs, is well placed to make a major contribution.

1.22 Outwith the manufacturing sector, the main source of employment growth will arise in the service industries. Scotland already has a major insurance, finance and banking sector and continued progress can be expected in these specialised areas as well as over the more general range of personal services. Tourism is also likely to continue as an

important source of service sector employment. Scotland has already established a considerable reputation in the tourist and recreation industry and has great potential for further development both for the home market (holiday makers, conference and other facilities for business visitors) and foreign travellers. The tourist season is extending into spring and autumn and expansion of the industry will be greatly assisted by improved access (by road, rail, sea and air) and weather independent facilities. The impact of tourism is particularly significant in the more remote areas where few alternatives exist. In parallel with the expected growth in micro-electronics, there is potential for a significant expansion in the provision of related computer software and programs.

9A. 2 DEVELOPMENT OBJECTIVES

2.1 The general policy objectives of the Programme are:

- (i) to enhance the prospects for GDP growth in the more economically disadvantaged Scottish regions; and
- (ii) to bring supply and demand for labour among the Scottish regions into closer balance through the creation of new jobs and the safeguarding of existing employment.

These require diversification of the economic base by the attraction of new industries, including those in the service sector, and the encouragement of existing industries to modernise and expand. There is a need to encourage the creation and development of small businesses and the development of indigenous potential.

2.2 In urban areas, in order to improve economic performance, direct measures must go hand in hand with the renewal of ageing systems, environmental improvement, the reclamation of derelict land, upgrading of the housing stock and the adaption of commercial and industrial premises to provide suitable accommodation for small and medium sized enterprises. In rural areas, continuing assistance to agriculture (particularly in the isolated hill farming areas) must be accompanied by the encouragement of rural-based industries such as fishing and forestry and the development of smaller-scale industry from indigenous potential. An important aspect for island and remote areas will be to improve the value-added ratio of primary products.

2.3 In order to meet the broad objectives, the more specific aims of the Programme are:

- i. to continue provision of a wide selection of well-serviced industrial sites;
- ii. to meet the increasing demand for small workshop units;
- iii. to encourage training and re-training schemes, particularly in new industrial processes (ERDF will be involved in provision of vocational training centres while ESF will be involved in re-training programmes);
- iv. to ensure that the energy distribution network is adequate to cope with the demands of industry and to improve electricity supplies to remote rural areas and islands;
- v. to continue improvement of the road, rail, bus and air networks;
- vi. to provide modern port facilities and improve ferry services;
- vii. to improve the environment of both urban and rural areas;
- viii. to provide facilities which enhance the development of tourism;

ix. to upgrade water and sewerage systems to meet modern industrial requirements to make first time provision to remote rural areas and islands;

x. to promote measures aimed at improving the business and marketing performance of SMEs.

2.4 The character of each of the five profile areas (see MAP 4) will influence how action is directed towards achieving these aims. Objectives are more clearly defined in the area profiles which can be summarised as follow:

HIGHLANDS AND ISLANDS

The area suffers from problems associated with its peripheral location in the UK and the Community. Communication links are extended and are a particular impediment to economic development in the remotest areas and the islands. The objectives of the development measures proposed for the area are to stimulate indigenous potential, enhance the value-added of locally produced primary resources, retain population and maximise the tourist potential of the area. To these ends improvement of the communications network, including ferries and harbour facilities and airport facilities, as well as roads is of particular importance. Also essential to development are energy distribution and first-time water and drainage facilities especially in the islands. The priority is to provide infrastructure and encourage development which will enhance the prospects of this peripheral area.

TAYSIDE

The area faces a legacy of decline in traditional, and once dominant, industries particularly textiles. The strategy over the period to 1990 is to overcome this and encourage the establishment of new high technology companies. The development measures required to achieve this - the provision of high quality industrial sites, improved communications and environmental improvements in the inner urban areas - will build on the initiative of the Dundee and Arbroath Projects. These Projects and the action outlined in NPCI represent the main priorities for Tayside.

EAST CENTRAL

In recent years, the area has suffered a considerable loss of jobs in manufacturing and a decline in the importance of mining, whose legacy of waste and subsidence acts as a constraint on development. The primary economic development objective is to relieve unemployment by encouraging the growth of new and existing businesses. The New Towns of Glenrothes and Livingston provide important local growth points. A particular priority is the Bathgate area.

WEST CENTRAL

The area is burdened by a legacy of decline in traditional industries, particularly steel manufacture and shipbuilding. Employment opportunities depend on the extent to which the economy can be diversified and it is to this end that the development measures contained in this Programme are directed. Co-ordination and integration of action will be important through specific programmes designed to concentrate effort in areas with specific problems. Priorities for this area have largely been established through area initiatives which focus attention and action on areas of particular need (largely associated with decline of traditional industries such as steel, shipbuilding, textile and coal mining). An IDO providing better co-ordination of the EC structural funds would help meet the objective set out in the RDP for this area.

SOUTH WEST

The area is largely rural in character and there is a need to diversify the local economy, where manufacturing in particular is poorly represented. The area contains the principal access route (both rail and road) from the mainland UK to Northern Ireland. Improvements to this route are essential to provide adequately for the volume of traffic and have spin-off effects for the local economy, and the development of indigenous potential.

9A. 3 DEVELOPMENT MEASURES

3.1 Details of the development measures are contained in the area profiles. The measures will fall within the following framework:

(i) Regional incentives

Since 1960 the provision of regional assistance has had a significant impact on Scotland's industrial growth and performance. The best estimates suggest that over this period regional policy has increased employment in the Scottish assisted areas by some 90,000-100,000. The policy has helped both to improve the performance of established industry and to attract new investment from elsewhere in the UK and from overseas. In recognition that the inward investment drive was an essential element in the restructuring of Scotland's industrial base, the Locate in Scotland unit was established in 1981 jointly by the Industry Department for Scotland and the Scottish Development Agency. Since then over £1 billion of investment has been committed by overseas companies coming to Scotland. The impact of small business on the development of the Scottish economy is also of considerable importance and the provision of subsidised consultancy schemes (Better Business Services and Better Technical Services) jointly funded by the community and the UK Government have been of value in strengthening the small firms sector in areas suffering particularly from the decline of the steel, shipbuilding and textile industries.

(ii) Area initiatives

Over the last five years, a new feature of assistance to the regions has been the development of various types of area initiative. These started with task force operations in Glengarnock and Clydebank and with the Glasgow Eastern Area Renewal project (all in Strathclyde Region). Further details of local area initiatives are given in the profiles which follow. Initiatives have been established for Arbroath, Dundee, Coatbridge, Inverclyde, Motherwell, Kilmarnock, Bathgate and Port Dundas. These are ongoing discussions in developing further area based initiatives for other areas. The SDA and local authorities have been at the forefront in developing area-based projects in liaison with other public bodies. Such initiatives recognise the fact that in many hard hit areas investment incentives must be coupled with environmental recovery, the preparation of sites, improved transport networks, the fostering of small businesses and a strong impetus in promotion in order to achieve economic growth. This type of work will be an important and developing element in regional policy in future.

(iii) New Towns

Scotland has 5 new towns: East Kilbride, Cumbernauld and Irvine in Strathclyde, Glenrothes in Fife and Livingston in Lothian. The new towns were originally begun to provide housing of a good standard in an attractive environment for population from the older congested urban areas. However, in recent years, their role has changed substantially it now being principally to act as centres for the attraction of new industrial growth. The physical, economic and social environments of the new towns are attractive to industrial and commercial employers particularly to those in higher industries and new technologies.

3.2 Infrastructure measures

The infrastructure measures, which will be undertaken during the five years covered by this Regional Development Programme, will complement the strategic framework outlined in paragraph 3.1. The provision of new facilities and the improvement and modernisation of ageing or obsolete infrastructure will have an important bearing on encouraging industrial investment and to promotion of indigenous potential within the regions. Area initiatives provide a means for co-ordinating the actions of public authorities. By targeting on particular areas of need and concentrating resources, a more integrated approach to the development of the regions can be achieved. In a similar way the 5 New Towns act as growth points with spin-off effects for their surrounding areas. The New Towns have been particularly successful in attracting new technology industries which demand a "clean" environment. It will be important to maintain the good image of the New Towns through further investment on infrastructure.

3.3 At this stage it is not possible to identify all large projects which might be carried out during the currency of this programme. Nevertheless, the list at Annex 4 provides an indication of projects over 5 MECU (£3m) which may commence in the period to 1990 and be presented to the ERDF Committee for a decision.

Utilisation of ERDF resources

3.4 The action under this RDP has been formulated in the expectation that ERDF will make a substantial financial contribution. The expenditure plans of public authorities anticipate receipts from ERDF for eligible activities. Delay in approving the ERDF award or negative decisions are likely to impede the progress of the action outlined in this RDP. Most applications will continue to be submitted on a project basis. A National Programme of Community Interest is in operation for Glasgow and it is expected that a similar NPCI will be approved for Tayside during 1986. Other programmes are likely to be developed soon for Bathgate and the Highlands and Islands. Area initiatives (for example, Levenmouth) may provide a good base for promoting NPCI in other parts of Scotland. The non-quota measures will continue to operate in Strathclyde and Tayside until 1989.

Agencies responsible for action programmes

3.5 The general objectives of this Programme in terms of Scottish infrastructure provision are set out in Section 2. The agencies responsible for undertaking infrastructure projects include:

	<u>Statutory base</u>
Regional Councils)	Local Government (Scotland) Act 1973
District Councils)	
Islands Councils)	
Scottish Development Department (trunk roads)	Roads (Scotland) Act 1984
Scottish Development Agency	Scottish Development Agency Act 1975
Highlands and Islands Development Board	Highlands and Islands Development (Scotland) Act 1965
New Town Development Corporations	New Towns (Scotland) Act 1968
Harbour authorities (where separate from local authorities)	Various statutes
Central Scotland Water Development Board	Water (Scotland) Act 1980
South of Scotland Electricity Board)	Electricity (Scotland) Act 1979
North of Scotland Hydro Electric Board)	
Scottish Gas	Gas Act 1972
Strathclyde Passenger Transport Executive	Transport Act 1968
British Railways Board	Transport Act 1968
Scottish Transport Group (Caledonian MacBrayne)	Transport Act 1968
British Airports Authority)	Airports Authority Act 1975
Civil Aviation Authority)	Civil Aviation Act 1982
Scottish Tourist Board	Development of Tourism Act 1969
Countryside Commission	Countryside (Scotland) 1967 Act
British Waterways Board	Transport Act 1968

3.6 Most of the resources to cover the expenditure incurred by public authorities to implement action under this section of the RDP come within the scope of Programme 15 of the UK Government Public Expenditure Plans. It is impossible to provide a detailed breakdown of expenditure over the Programme period for the individual profile areas since the responsibilities of the authorities involved cross different boundaries for different purposes. The table at Annex 2 provides information on the projected capital expenditure by local authorities in the Scottish regions some of which do not qualify for ERDF assistance in their entirety. Similar information is provided at Annex 3 on the planned expenditure by other authorities over the Programme period.

3.7 All authorities have their own established procedures for determining priorities and allocating resources within statutory guidelines. Action is co-ordinated in several ways. There is the day-to-day interaction between authorities on individual projects, statutory planning procedures ensure consultations on development proposals and in some cases formal agreements are drawn up by various public authorities to concentrate efforts in a particular area (see area initiatives - paragraph 3.1(ii)).

3.8 The broad development objectives are set out in section 2 and are dealt with more specifically in the area profiles. Clearly, the objectives of authorities responsible for action need to be in line with the broad objectives. The strategy to be adopted by the various authorities is set out in paragraphs 3.9-3.16.

3.9 Local authorities

3.9.1 The local government system in mainland Scotland is on a two-tier basis, with 9 regional councils and 53 district councils (see MAP 6). There are also 3 islands councils performing in their areas the functions of both regional and district councils. Boundaries of the various authorities were set so that local government services should be provided over areas that have natural groupings of population with interests and allegiances in common. The different levels of authority have different responsibilities allocated to them. It is for each authority itself to decide on the management structure which is most suitable for its own organisation. Most councils, however, are organised on a committee basis, with each committee having responsibility for a particular function or functions and operating under a scheme of delegation from the authority.

3.9.2 The 9 regional and 3 island councils (only the Borders Region has no eligible areas for ERDF) are the major authorities in the local government system. They are endowed with the powers and resources to provide the large-scale services in their area such as transport, education, police and fire services, and strategic planning. The boundaries of the regions have been created to enable the administration of these services over wide areas which have natural links and where there is an interdependence between the main centres of population and their surrounding areas. The functions and responsibilities of the regional councils include education, water and sewerage, flood prevention, coast protection, strategic planning, industrial promotion, environmental improvement, industrial development (concurrently with districts), local roads and road safety, public transport, airports, ferries, harbours.

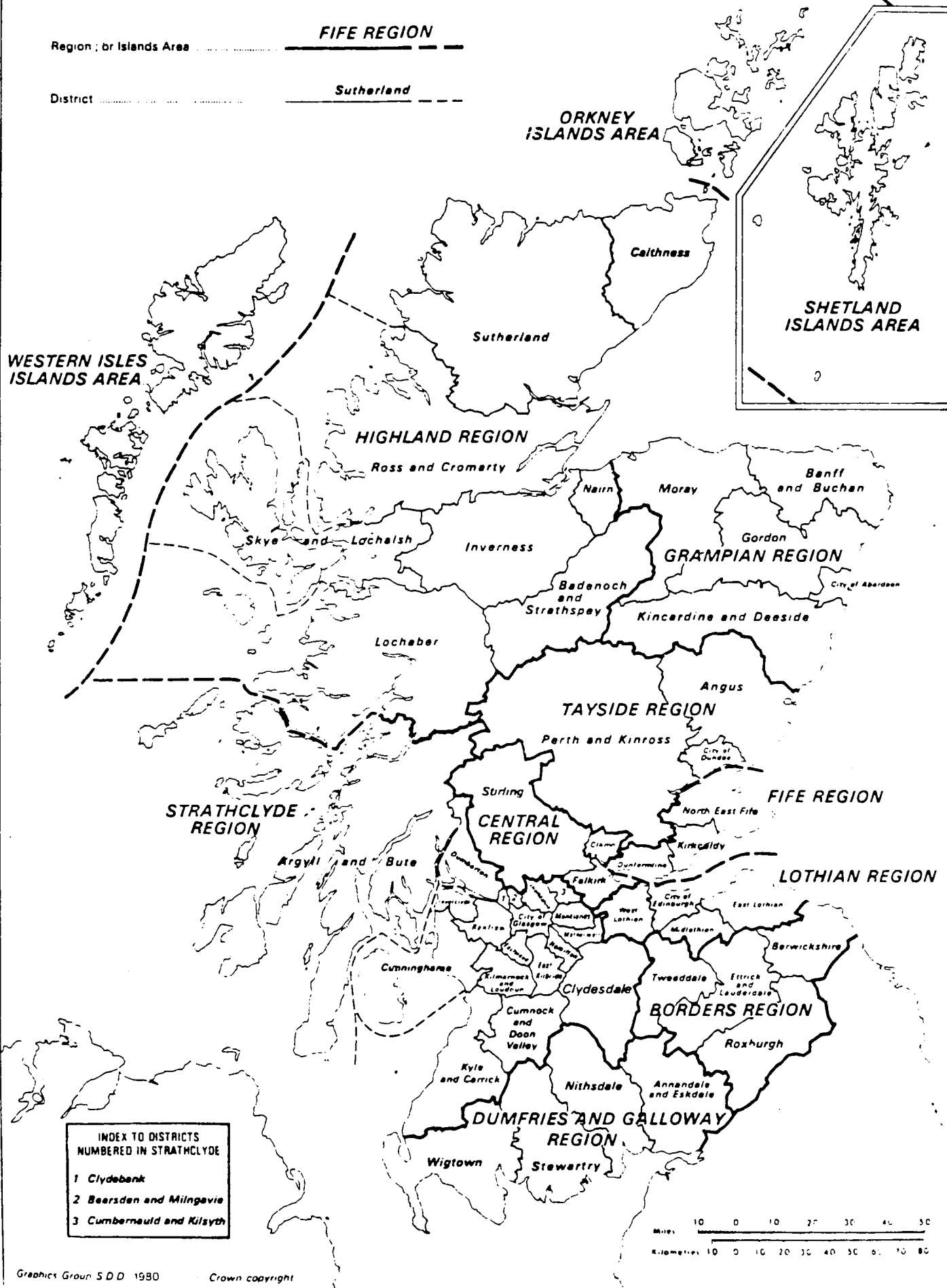
3.9.3 Elsewhere in the UK independent water authorities (and statutory water companies) operate separately from local government. In Scotland, the regional and island councils are the statutory water authorities. The Central Scotland Water Development Board operate the Loch Lomond and Loch Turret water supply schemes on behalf of Tayside, Fife, Lothian, Central and Strathclyde Regions. There are no plans to privatize these functions.

3.9.4 The 53 district councils (in 41 areas eligible for ERDF) are the second tier of local government. They are responsible for, in particular, local planning (except in Highland, Dumfries and Galloway and Borders Regions), housing, the environmental services, tourism and the amenity services. The districts, though subdivisions geographically of the regions, are not subsidiary authorities and have responsibility for the services they provide. The population and size of districts varies considerably not only within the whole of Scotland but also within their own regions. The boundaries of districts, like the regions, have been defined with regard to natural links in communities.

ADMINISTRATIVE AREAS

Region; or Islands Area FIFE REGION

District Sutherland



3.9.5 Local authority capital expenditure on, for example, acquisition of land, erection of buildings and other permanent work (eg roads, water supply, sewers and harbours) is controlled by means of a statutory provision which requires that a local authority obtain the Secretary of State for Scotland's consent before incurring any liability to meet capital expenses. The granting of this consent does not involve a transfer of money, but rather sets a ceiling on the amount of capital expenditure which the local authority is allowed to make. In taking decisions on the overall level of resources to be made available for public expenditure, the prospect of ERDF receipts is taken into account allowing it to be higher than would otherwise be possible.

3.9.6 A financial planning system for capital expenditure was introduced in 1977. Under this system, all local authorities prepare each year a financial plan of their proposed capital expenditure over the next 5 years for consideration by Central Government. The plans are presented under service programmes covering the principal responsibilities exercised by the local authorities including roads and transport, water and sewerage, and general services. General services consists of all those services not included in the other programmes, such as industrial development, town and country planning, fishery harbours and leisure and recreation. For district councils it is their only programme apart from housing. The financial plans are considered by Central Government and the Secretary of State decides on the allocation of resources among the local authorities. (See Annex 2).

3.9.7 Allocations made to particular authorities for particular services are based principally on an assessment of the relative needs of the authority to undertake capital works. In this way, the planning system enables Central Government to control the total of local authority capital expenditure, while allow authorities freedom within the allocation for a particular service to determine their own priorities for spending. Since priorities vary between individual authorities it is not possible to set out in this section specific objectives and priorities. These are dealt with in the 5 area profiles. Broadly, the strategy adopted by local authorities will be to encourage and develop, both inward investment and indigenous potential, through:-

- improving communications;
- providing and improving water and sewerage services;
- developing educational and training skills;
- providing sites for industrial development;
- carry out environmental improvements; and
- promoting tourist facilities.

3.10 Scottish Development Department

3.10.1 The Scottish Development Department is responsible, on behalf of the Secretary of State for Scotland, for managing and maintaining 3200 kms (2000 miles) of trunk road, including motorways. The main aims of the new construction and improvement programme are to assist economic development in Scotland, to relieve communities of through traffic and to improve road safety. Over 100 major trunk road schemes, with a total value of over £500 million, are at various stages of preparation. These include 36 bypasses, extensions to the M8, M80 and M74 motorways; completion of upgrading the Perth-Aberdeen route to dual carriageway standard; extensive improvements to the A75 between the ferry ports of Stranraer and Cairnryan and the English motorway system; reconstruction of the important A82 tourist route beside Loch Lomond; and a new bridge over the Dornoch Firth. Priority will continue to be given to schemes that will contribute to economic development and to bypasses designed to remove through traffic from communities. Information about schemes in the assisted areas is contained in the area profiles.

3.10.2 Further details are contained in "Policy for Scottish Roads: 1984", published in July 1984, which sets out the Government's current strategy for trunk roads and summarises policy in related fields such as local roads, road safety and signposting. It describes the progress made since 1980, and sets out the plans for strategic and other routes and the priorities within the trunk road programme.

3.11 Development Agencies

There are two special agencies of regional development operating in Scotland: the Scottish Development Agency and the Highlands and Islands Development Board.

3.11.1 Scottish Development Agency

Established 1975.

Primary objectives

- the development of the Scottish economy;
- the promotion of industrial efficiency and international competitiveness; and
- the improvement of the environment

Powers

- to invest in industry;
- to provide finance and advice to industry;
- to build and manage industrial estates;
- to lease factories to industrialists; and
- to rehabilitate derelict land and generally improve the environment.

Priorities for 1985/86 - 1987/88

- to encourage new technology products, particularly in (i) electronics, (ii) health care and biotechnology, (iii) oil and gas engineering and development, (iv) advanced engineering;
- to encourage more productive industrial methods, particularly (i) the application of technology within indigenous manufacturing industry, (ii) technology training;
- to encourage expansion of the range and number of service industries in Scotland, especially in (i) tourism and leisure, (ii) financial services; (iii) education and training products; (iv) professional, trade and information services;
- to focus resources on specific area initiatives aimed at regenerating specific communities and local economies; and
- to encourage enterprise and small businesses.

Property development strategy for 1985/86 to 1987/88

- to concentrate resources on areas with local shortage of industrial premises

Environmental improvement strategy for 1985/86 to 1987/88

- to concentrate resources on large scale projects and those which will generate enterprise development

3.11.2 Highlands and Islands Development Board

Established 1965.

Primary objectives

- to increase employment opportunities in the Highlands and Islands;
- to increase incomes;
- to retain population;
- to increase the long term capacity of the area to grow and to contribute to national development; and
- to improve social and community facilities.

Powers

- to undertake, promote or aid developments in all sectors of the Highlands and Islands economy including manufacturing and service industries, tourism, agriculture, forestry and fishing;
- to give financial assistance by way of grant, loan or equity participation;
- to acquire land;
- to build factories for lease or sale;
- to provide equipment, training and advisory services;
- to commission studies; and
- to form companies.

Current area priorities

- the more remote and socially fragile areas in islands and peripheral mainland areas (ie Lewis and Harris, Uists and Barra, North West Sutherland, Skye and the Argyll Islands); and
- areas which, because of major industrial closures, have become unemployment blackspots (eg Lochaber and Easter Ross).

Current sectoral priorities

- a broadly-based sectoral strategy is important especially in the most rural areas where the need for families to pursue a range of opportunities is strong;
- businesses which build on the natural resources of the region (eg agricultural and fishery products, wood products); and
- to encourage local production of goods and services currently imported into the area.

3.12 New Town Development Corporations

Five Scottish New Town Development Corporations have been established. The dates of designation were:-

Cumbernauld	1955
East Kilbride	1947
Glenrothes	1948
Irvine	1966
Livingston	1962

Primary Objectives

- the development of the new towns; and
- the new towns have a continuing role in stimulating employment and contributing to economic growth in Scotland. Development Corporation will begin to wind-up when certain percentages of their existing designated populations have been reached. None of the towns is likely to reach this stage until the 1990s.

Powers

- the Corporations can acquire land, build, sell, lease property and lend money with Scottish Office approval.

Priorities in period to 1990

- to continue to attract mobile investment projects to Scotland;
- to make a major contribution to their respective regional and the national economy; and
- to move further towards the creation of fully developed and balanced communities.

3.13 Harbour Authorities

(i) There are 14 harbour and port authorities in areas qualifying for ERDF assistance in Scotland with statutory responsibilities for providing harbour facilities. These include harbours in the ownership of a local authority. There are 3 types of facility:-

- transport piers and commercial harbours which provide facilities for the handling of goods and materials;
- passenger piers and harbours which incorporate ferry terminals; and
- fishery piers and harbours.

In some cases all 3 types of activity might be found within the jurisdiction of one harbour authority.

(ii) Priorities vary from area to area and these are defined more closely in the 5 area profiles. The primary objective of the harbour authorities is to meet their statutory duty to provide port facilities for cargoes and passengers on a consumer-user basis. Their powers are defined in terms of legislation specific to the harbour authority. Their priorities for the period covered by this programme will be to:

- provide cargo handling facilities to meet the demand for trade;
- provide adequate berthage for offshore supply vessels;
- provide facilities for inspection, repair and maintenance of exploratory and production rigs;
- provide facilities for the fishing industry;
- provide roll-on/roll-off facilities for passenger ferries where such facilities do not exist;

- improve facilities at existing ferry terminals in conjunction with transport undertakings (eg Caledonian MacBrayne, British Rail)
- carry out their statutory conservancy duties; and
- modernise port facilities in response to changes in shipping technology and trade patterns.

3.14 Scottish Tourist Board

Established 1969.

Objectives

- to attract holidaymakers to destinations in Scotland;
- to encourage the development of visitor facilities;
- to co-ordinate tourism interests within the country; and
- to promote Scotland overseas.

Powers

The Board has general power to do anything for the purpose of meeting the objectives listed above. The Board is also specifically empowered to give grants and loans for hotel building, extension and improvement, develop schemes of financial assistance for the improvement of tourist amenities and facilities; and undertake the registration of tourist accommodation. Under the Tourism (Overseas Promotion) (Scotland) Act 1984, STB acquired power to undertake at its own hand the promotion of Scotland overseas.

Priorities to 1990

Overall, to stimulate growth in the Scottish tourist industry with a view to improving business profitability and thereby increasing employment.

In particular:

- to seek a closer partnership with the trade so that the Board may continue and expand its publicity, advisory and information services;
- to support and co-ordinate the efforts of Area Tourist Boards and promote the consolidation of the ATB network;
- to continue efforts to promote and improve the marketing of Scotland as a tourist destination;
- to initiate and encourage work on solving the problem of seasonality, on extending overseas markets and on broadening the market base;
- to continue and expand the voluntary scheme covering the verified classification and grading of tourist accommodation; and
- to concentrate financial assistance on those projects which fall within the categories designated by the Board - from time to time - as meriting 'priority' treatment.

3.15 Electricity Boards

(i) There are 2 Electricity Boards operating in Scotland, each responsible for both generation and distribution of electricity supplies to domestic, industrial and commercial

consumers throughout their respective areas: the South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board. The South Board generates mainly by coal-fired steam generating and nuclear plant and the North Board by conventional hydro-electric and pumped storage schemes. The two Boards work closely in planning and operating electricity generation and there are substantial interchanges between them to achieve the lowest overall costs of generation. The Scottish generating system is part of the national grid which extends throughout mainland Britain, so that supplies can be exchanged between the Scottish system and that operated by the Central Electricity Generating Board in England and Wales - thus maximising security of supply throughout the country.

(ii) South of Scotland Electricity Board

Established in 1955.

Primary objectives -

- to generate and distribute supplies of electricity to domestic, industrial and commercial customers at the lowest cost consistent with good standards of quality, reliability and safety and with due regard to the environment;
- to maintain a competitive position in relation to the main alternative fuels;
- to improve services to customers and help them obtain maximum benefit from their use of electricity; and
- to encourage the conservation of electrical energy and development of renewable sources of electricity.

Duties and powers -

- to plan and carry out the most economical generation, transmission and distribution of electricity to customers throughout its area, including rural areas;
- to avoid undue preference between classes of consumers in the provision of supplies;
- to comply with requests from private generators of electricity to purchase supplies from them;
- to conduct and support research and experiments for the improvement of methods of generation, distribution or use of electricity;
- to have regard to the environmental impact of operations; and
- to sell, install and repair electrical appliances and fittings.

Priorities in the period to 1990 -

The Board has identified the following priorities for the period to 1990 -

- to maximise output from nuclear power stations;
- to ensure the construction and commissioning of Torness nuclear power station and associated transmission connections to programme and budget;
- to contain controllable costs and improve the utilisation of manpower;

- the SSEB have a long term programme of refurbishment which is estimated to cost £21m and will be undertaken as priorities and resources permit;
- to review the balance between load demand and plant capacity to optimise use of generation resources and interchanges of electricity with the Central Electricity Generating Board;
- to progress plans for radioactive waste management and the re-processing and storage of spent nuclear fuel; and
- to develop the market for electricity and improve the profitability of appliance retailing activities.

(iii) North of Scotland Hydro-Electric Board

Established in 1943.

Primary objectives -

- to generate and distribute supplies of electricity at the lowest cost consistent with good standards of quality, reliability and safety and with due regard to the environment;
- to maintain a competitive position in relation to the main alternative fuels;
- to improve services to customers and help them obtain maximum benefit from their use of electricity;
- to encourage the conservation of electrical energy and the development of renewable sources of electricity; and
- to co-operate in the social and economic development of its area.

Duties and Powers -

- to plan and carry out the most economical generation, transmission and distribution of electricity to customers throughout its area, including rural areas;
- to avoid undue preference between classes of consumers in the provision of supplies;
- to comply with requests from private generators of electricity to purchase supplies from them;
- to conduct and support research and experiments for the improvement of methods of generation, distribution or use of electricity;
- to have regard to the environmental impact of operations; and
- to sell, install and repair electrical appliances and fittings.

Priorities in the period to 1990

The Board has identified the following priorities for the period to 1990 -

- to contain controllable costs and improve the utilisation of manpower;
- to review the balance between load demand and plant capacity in order to optimise the use of generation resources and interchanges with the Central Electricity Generating Board;

- to plan new investments so as to meet consumers' requirements in the most economic way;
- to plan and execute the refurbishment of the electricity distribution system;
- to identify further undeveloped resources of hydro-electric power and construct new schemes which are demonstrably economically viable;
- to plan and install new transmission lines and submarine cables to take mainland generated supplies to the isolated island systems, particularly the Western Isles, and to investigate the feasibility of similarly supplying the remote Shetland Isles; and
- to develop the market for electricity and the profitability of appliance retail activities.

3.16 Public Passenger Transport Services

Regional and Islands Councils have a duty to secure the provision of services to meet the public transport needs in each of their areas and to formulate policies relating to the services. These policies are contained in a council's comprehensive Transport Policies and Programmes (TPP) produced once every 4 years (with an expenditure supplement in each intervening year). The TPP sets out the council's transport policies, objectives and measures for their areas, the major element of which refers to council's intentions for development and improvement of the local roads network.

(i) Rail transport in mainland Scotland is operated by the British Railways Board (Scottish Region), in co-operation in the Glasgow area with the Strathclyde Regional Council. The network varies from an intensive suburban commuter system to isolated rural lines serving scattered communities, with local provincial services between the major conurbations. The investment strategy, therefore, is designed so that limited financial and physical resources are carefully allocated to achieve optimum medium and long-term benefit to both the railway and the community it serves. Specific strategies are developed for individual routes and service groups, and overall plans for the major infrastructure categories such as track and signalling modernisation, station refurbishment etc.

(ii) The British Railways Board's overall investment strategy is contained within the annual Corporate Plan produced by the Board and agreed with the Secretary of State for Transport. The Corporate Plan provides the Board with a comprehensive framework for the direction and control of its business during the forthcoming five years, and facilitates discussions within the Board and with the Government on policy issues. It also fulfils the requirements of the Railways Act 1974 to provide the Secretary of State with "such information relating to the Board's Plans and in such manner and at such times as he might specify". Investment in infrastructure remains a major factor in the period 1986-90.

(iii) The rail infrastructure of Scotland supports a high volume of freight and parcels traffic in addition to passenger services. Investment over the past few years has improved trunk and Scottish inter-urban routes for oil and steel, with new developments in more specialised commodities. Specialised traffics are operated by Freightliners Ltd and Speedlink, moving paper, whisky, seed potatoes, grain and agricultural commodities from the Highlands to other Member States, via South Coast ports on train and container ferries. Connection with Ireland are maintained via Stranraer, in particular for steel traffic, cars and parcels. Development of the North Sea oil industry off the Scottish Coast, as well as the on-shore facilities, has been aided by rail infrastructure improvements over the recent years. The process of modernisation of the rail infrastructure in Scotland thus directly benefits the heavy freight and mineral traffic involved in the production and distribution of raw materials and finished goods, on which the industrial structure of Scotland is so dependent.

(iv) The Clyde and West Coast ferry routes are operated in the main by Caledonian MacBrayne who are a subsidiary of the Scottish Transport Group. Strathclyde Regional Council and Highland Regional Council, also operate a few of the minor west coast routes. The broad objectives of the three authorities operating the Clyde and West Coast routes are:-

To plan, operate and develop economically and efficiently, sea and estuarial transport services in both the Clyde area and the Highlands and Islands for the maintenance and improvement of the social and economic conditions of these areas, so that passengers vehicles and freight may be carried conveniently, safely and reliably.

In addition, the corporate objectives of the Scottish Transport Group have been formally expressed as:-

"To meet its public service and statutory obligations as laid down in the Transport Act 1968, the Local Traffic Acts and the Local Government (Scotland) Act 1973, and to achieve its financial objectives as defined in agreement with the Secretary of State for Scotland, by utilising its resources in an efficient and effective manner within the context of maximising patronage of the Group's services."

(v) Caledonian MacBrayne currently operate services to 23 Scottish Islands. In addition to services operated by Caledonian MacBrayne, Strathclyde Regional Council also operates services to 3 Scottish Islands. Highland Regional Council do not operate any island services. However, the Council does operate one vehicle ferry at Corran which links the Ardnamurchan peninsula to the A82 trunk road on the southern shore of Loch Linnhe. The Caledonian MacBrayne fleet currently consists of 12 major passenger/car ferries. In addition, there are 14 minor passenger/car ferries and 7 passenger only vessels.

(vi) Following completion of upgrading the Uig/Lochmaddy/Tarbert route the main priority will be the services operating out of Oban. The small "island" class vessels have generally outlived their usefulness and need to be replaced with ferries with a greater carrying capacity and the ability to take commercial vehicles and coaches. Four vessels have been ordered for delivery in 1986. All major projects carried out by Caledonian MacBrayne will be subject to investment appraisal.

(vii) The Orkney and Shetland Islands external services to the mainland are provided by a private company - P&O Ferries Ltd but the local authority is responsible for the ferry terminals. In the Orkney's, the Orkney Islands Shipping Company operates services to 10 islands using 3 vessels. In the Shetlands, the inter-island service to 9 small isles is operated by the Islands Council. The Council has 10 vessels.

(viii) The principle objective of all the ferry operations is to maintain the service which they provide to the Scottish Island communities. Upgrading of service through provision of roll-on/roll-off will be undertaken and carrying capacity increased where demand has been established and can be met economically.

(ix) The British Airports Authority are responsible for the operation of Glasgow, Prestwick, Edinburgh and Aberdeen Airports. The BAA are due to be privatized from 1987. The Civil Aviation Authority is establishing a wholly-owned subsidiary company to manage the Highlands and Islands aerodromes. This company - Highland and Islands Aerodromes Limited - will continue to operate the aerodromes at Islay, Tiree, Benbecula, Stornoway, Inverness, Wick, Kirkwall and Sumburgh. Their primary aim will be to provide airport and aerodrome facilities to meet the reasonable needs of both domestic and oil-related traffic in the Highlands and Islands of Scotland paying close attention to the need for the maximum economy consistent with safe operation and good service. Particular developments will include runway and apron services, aerodrome lighting, terminal and technical facilities to meet national and international standards and local economic developments. Other airports, for example, Dundee and Glenrothes are operated by local authorities. Appropriate upgrading of facilities will be undertaken to meet air traffic demands.

9A. 4 CO-ORDINATION WITH OTHER COMMUNITY FUNDS

4.1 European Agriculture Guidance and Guarantee Fund (FEOGA)

(i) Under the revised EC Regulation 355/77, three new Scottish sectoral programmes for the period to 1989 have been submitted to the Commission:

i. the livestock and livestock products programme provides for a total investment of some £36m and covers beef, sheepmeat, pigmeat, farmed game etc, poultry meat, eggs, milk and milk products;

ii. the crops programme provides for a total investment of some £35.5m covering cereals, potatoes, horticultural crops, flax and oilseed rape. Animal feeding stuffs are also included; and

iii. the fish programme provides for an investment of some £18m which spans the whole of the fisheries sector, ie pelagic fish, white fish, shellfish, farmed fish and fishmeal.

(ii) The projects in the programmes include the construction, improvement and upgrading of a wide variety of facilities for improving the marketing and processing of produce. The programmes are closely allied with the objectives of this Regional Development Programme of assisting the development of rural-based industries, stimulating indigenous potential, enhancing the value-added of locally produced primary resources and maximising the potential of the food processing industries in the 5 profile areas.

(iii) FEOGA also provides aid for capital expenditure on inshore fishing vessels and equipment. Such assistance has been, and will continue to be during the currency of this Regional Development Programme, of immense value in the restructuring and modernisation of the Scottish fishing fleet.

(iv) An Integrated Development Programme has operated in the Western Isles since 1982 (see section 9B) and is programmed to run until 1987-88. The Commission has proposed an Agricultural Development Programme for the Scottish islands, excluding the Western Isles and this has recently been approved in principle by the Council of Agriculture Ministers. If finally approved, expenditure up to around £38.7 million could be incurred with a FEOGA contribution of 40%. It is unlikely that any measure will come into operation much before the end of 1987.

4.2 European Social Fund

(i) During the course of the previous Regional Development Programme, both public and private organisations in Scotland came increasingly to recognise the opportunities for training and employment presented by the ESF. In 1985, 13 Scottish local authorities applied for support from the Fund. By way of comparison, there were no Scottish local authority projects in 1981. In 1985, the total number of Scottish applications was 148.

(ii) The variety of schemes which have received Fund support has been considerable. While the largest projects have tended to be those concerned with job creation, a considerable number or often highly innovative training schemes tailored to local needs and developed from local experience have been initiated by both public and private (often voluntary body) sponsors. This Regional Development Programme recognises the need to provide appropriate training opportunities in order that the skills of the workforce can be adapted to meet the changing needs of industry. As the profile area descriptions reveal, the continued importance of ESF support in this process over the programme period is recognised by all the authorities involved in the development measures which they propose.

4.3 European Investment Bank

The authorities responsible for promoting infrastructure measures continue to regard loans from the European Investment Bank as a valuable source for finance. It is expected that loans will continue to be sought during the currency of this RDP. In most cases, loans will be requested on packages or programmes rather than on individual projects.

4.4 European Coal and Steel Community

Article 56 reconversion loans provided by the European Coal and Steel Community continue to provide a valuable source of fixed term finance to small and medium size companies in Strathclyde and Fife Regions. Demand for these relatively small loans continues to run at a high level with companies showing considerable willingness to take advantage of the arrangements made between the ECSC and the major Scottish clearing banks. The loans provide a very cost-effective method of encouraging job creation in priority areas.

SECTION 9A ANNEX 1

POPULATION AND UNEMPLOYMENT DATA

<u>TTWA</u>	<u>Population</u> <u>1981 Census</u>	<u>June 1984</u> <u>%</u>	<u>Unemployment</u>		
			<u>Jan</u> <u>1985</u> <u>%</u>	<u>June 1985</u> <u>%</u>	<u>Jan</u> <u>1986</u> <u>%</u>
<u>HIGHLANDS</u>	<u>340,779</u>				
Shetland	22,768	5.4	6.8	5.5	6.8
Orkney	18,419	10.1	12.1	10.9	12.8
Western Isles	30,712	17.8	20.7	17.4	19.9
Thurso	16,154	11.0	13.2	11.3	13.2
Wick	11,444	15.3	19.5	16.9	18.9
Sutherland	16,223	19.0	27.2	18.9	24.6
Skye & Wester Ross	14,872	19.0	25.2	19.0	25.1
Invergordon & Dingwall	31,867	19.3	25.0	21.9	22.6
Inverness	71,998	10.2	12.6	11.6	13.6
Forres	11,215	20.2	23.7	22.7	28.3
Badenoch	9,360	14.3	20.4	15.2	20.0
Lochaber	19,025	15.7	22.7	15.6	23.5
Oban	17,118	9.6	15.6	11.8	17.8
Islay & Mid-Argyll	11,215	11.3	15.8	12.8	15.8
Dunoon & Bute	27,025	15.7	21.3	16.6	20.3
Campbeltown	11,364	15.4	18.3	16.5	19.0
<u>TAYSIDE</u>	<u>220,010</u>				
Dundee	195,365	16.4	17.7	17.3	17.5
Arbroath	26,645	17.4	18.9	17.9	19.7
<u>EAST CENTRAL</u>	<u>604,494</u>				
Kirkcaldy	146,008	14.9	16.5	16.7	18.8
Dunfermline	126,102	13.3	15.1	14.4	16.7
Alloa	51,397	18.6	19.7	19.0	20.4
Falkirk	154,819	17.0	18.6	18.0	19.3
Bathgate	126,168	20.4	22.5	21.3	22.7
<u>WEST CENTRAL</u>	<u>2,236,956</u>				
Dumbarton	76,825	20.2	21.6	20.2	21.1
Greenock	109,498	18.3	18.8	19.5	22.4
Irvine	136,635	24.0	26.2	25.4	26.4
Glasgow	1,326,488	16.8	17.7	17.6	18.1
Lanarkshire	423,874	20.7	21.7	20.9	21.9
Kilmarnock	81,744	17.5	19.2	18.6	19.1
Cumnock & Sanquhar	47,252	23.2	24.3	24.8	27.8
Ayr	104,946	13.1	14.7	13.9	15.1
Girvan	11,438	20.7	23.4	20.5	23.2
<u>SOUTH WEST</u>	<u>51,946</u>				
Stranraer	19,018	14.3	16.6	15.8	17.6
Newton Stewart	10,559	18.5	24.4	20.0	24.0
Stewartry	22,369	11.9	15.2	12.7	15.1
<u>SCOTLAND</u>	<u>5,035,315</u>	<u>14.6</u>	<u>16.1</u>	<u>15.3</u>	<u>16.4</u>

CAPITAL ALLOCATIONS TO LOCAL AUTHORITIES

SECTION 9A ANNEX 2

	1986-87 (Final)	1987-88 (Prov.)	1988-89 (Prov.)	£000					
	Roads & Transport	Water & Sewerage	General Services	Roads & Transport	Water & Sewerage	General Services	Roads & Transport	Water & Sewerage	General Services
*Central	4100	5000	1000	4500	4800	1050	5000	4600	1000
*Dumf & Gall	2500	3250	600	3500	3400	710	3500	3600	720
*Fife	6800	6200	1500	7000	6900	1800	8000	7200	1850
*Grampian	11050	17800	1070	11150	17700	930	11950	17600	990
Highland	10600	5250	1760	10800	5700	1570	11300	6200	1640
*Lothian	28200	12400	1900	21800	12700	1800	21800	13100	1750
Strathclyde	64000	33400	6000	62000	34600	6200	61000	36200	6200
*Tayside	8250	9850	1570	8650	10000	1650	8850	10000	1650
Orkney	1900	880	600	800	1000	650	1500	1000	600
Shetland	4400	860	800	4400	700	950	4400	700	950
W Isles	4800	1240	420	5000	1200	500	5000	1300	500
District Council			36580			38365			36610

* only part of the area covered of these authorities is assisted.

SECTION 9A ANNEX 3

£ MILLION

FORECAST CAPITAL EXPENDITURE

AUTHORITY	86-87	87-88	88-89	89-90
North of Scotland Hydro-Electric Board	68.7	66.0	61.5	55.0
South of Scotland Electricity Board	388.2	152.0	99.4	119.0
Central Scotland Water Development Board	1.47	2.12	2.08	2.21
Scottish Development Department (Motorways + trunk roads)	111.7	114.4	117.3	N/A
Scottish Transport Group	22.1	15.9	18.7	N/A
British Rail (Scotland)	31.8	33.9	40.3	43.2
Ports	10	8	6	6
Highlands and Islands Development Board	8.5	9.0	8.4	N/A
Scottish Development Agency	61.6	61.6	57.7	N/A
New Town Development Corporations (factory building and Site Development)	23.6	21.8	17.4	17.6
Civil Aviation Authority	0.5	0.7	0.7	0.3

N/A = NOT AVAILABLE

The following list includes projects over 5 MECU which may commence in the period to 1990. Most of the projects are still subject to detailed appraisal and statutory consents. Therefore, it should be regarded as an indicative rather than definitive list. It is also possible that some projects which may be undertaken (particularly in the 1988-90 period) are not yet identified.

Projects 5MECU (£3m) - 15 MECU (£8m)

<u>Project</u>	<u>Estimated Cost (£m)</u>
HIGHLANDS AND ISLANDS	
Foyers Power Station refurbishment	4.5
Wind generation, Orkney and Shetland	3.4
Control room centralisation, NSHEB	3.9
Ferry vessels for Orkney (internal services)	7.0
Ferry terminal improvements in Orkney	4.0
Oban-Mull ferry	6.0
A828 Creagan Bridge	5.2
A830 Kinsadel to Mallaig	7.2
A830 Kinloid to Kinsadel	4.0
A830 Kinloid to Loch Nan Uamh	4.8
A830 Loch Nan Uamh to Polish Bridge	3.6
A87 Dornie Bridge	3.3
A9 Broomhill to Logie Easter	4.4
A9 Dunbeath Bridge	3.1
A9 Helmsdale	4.8
Shetland Museum/Interpretative Centre	3.0
Aonach Mor ski development	5.0
Kinlochbervie (harbour works)	4.0
Whalsay Breakwater	3.7
Blackness Harbour	3.4
Lerwick (Morrison's Dock)	4.2
South East Sutherland Water Supply	3.0
Fort William (water)	3.0
Barra and Vatersay Causeway	3.0
Uig Road	5.2
A867/A865 Lochboisdale	3.2
A971 Wormaldale (Shetland)	4.0
A970 Lerwick to Sumburgh	7.3
Inverness Relief Road (phase 2)	3.8

TAYSIDE

All projects in Tayside over £1m are included in the National Programme of Community Interest which has been submitted for approval.

EAST CENTRAL

A915 Windygates Bypass	3.5
A92 Improvements, Kirkcaldy	6.4
A907 Improvements, Dunfermline	6.6
A823 Dunfermline	3.8
Eastern Link Road, Dunfermline	4.2
Falkirk Northern Distribution Road	3.3
Laurieston Link Road	3.0
A92 Preston to Balfarg	6.3
Larbert-Falkirk rail track improvement	3.6
West Lothian Water Supply	7.0
Kirkcaldy Long Sea Outfall	4.1
Grangemouth West Sewage Treatment	7.0
Livingston Town Centre proposal	3.7
Livingston Industrial Estates	4.5

WEST CENTRAL

Bonhill Improvements, Alexandria	4.4
Nitshill Road, A726	3.7
Bellshill Main Street Bypass	4.2
Johnstone Bypass (Linclive and H/M)	4.6
Carfin to Holytown	6.0
Kirkintilloch Town Centre Relief	6.5
Stonehouse Bypass, A71	5.0
Newmilns Relief, A71	4.8
Cathkin Relief	4.6
Paisley Ring Road (West Flank)	3.4
Paisley Ring Road (North Flank)	3.0
Bishopbriggs Relief	5.0
Kirkintilloch Relief	7.5
Ayr Road Route (Phase 2)	6.0
Darvel Bypass A71	5.1
Dalry Bypass A737	4.4
South of River Proposals - Glasgow	5.7
Yoker Relief	5.5
Strathaven Bypass, A71	5.7
Eaglesham Bypass	7.4
Loch Bradan (Water)	4.1
Muirdykes Water Treatment	6.9
Coatbridge Sewer	3.0
Renfrew Sewerage Scheme	3.8
Greenock Interception Sewer (Phase 1)	5.0
Coatbridge Leisure Centre	3.5
Paisley Leisure Centre (Phase 2)	3.6
East Kilbride Northern Distributor	3.0
A74 Elvanfoot	6.1
A76 Cumnock and Auchinleck Bypass	6.7
A76 New Cumnock Bypass	5.9
A77 Balsalloch-Balcreuchan	3.2
A77 Maybole Bypass	4.7
A77 S/Bannantree-Auchencrosh	4.0
A78 Adrossan-Saltcoats Bypass	6.6
M8 St James Interchange	8.0
A82 Luss Bypass	4.5
A82 Luss-Camus Nan Clais	6.5

NOTE: The above list excludes projects contained with the Glasgow NPC1.

SOUTH WEST

A75 Castle Douglas Bypass	3.56
A75 Glenluce Bypass	3.80
A75 The Glen Improvement	4.70
Track and signalling Ayr/Stranraer rail-line (also part West Central)	5.4

Projects over 15MECU (£8m)

<u>Project</u>	<u>Estimated Cost (£m)</u>	
HIGHLANDS AND ISLANDS		
Road/rail bridge over Dornoch Firth	Rail element	11.0
	Road	17.8
Possible bridge to Skye (depending on outcome of feasibility study and availability of resources)		12.0

Electricity submarine cable to Western Isles	35.0
Cruachan refurbishment	16.4
Run of River Hydro Generation (per project - locations not yet identified)	8.8
Spey Water Abstraction Scheme (part assisted area)	12.9
Inverness Sewerage	9.0

TAYSIDE

All projects are covered in the National Programme of Community Interest which has been submitted for approval.

EAST CENTRAL

A92 East Fife Regional Road (Phases III and IV)	17.3
Longannet Power Station (new mill air heater)	8.0

WEST CENTRAL

Irvine-Kilmarnock A71 (Phase 3)	15.7
Springburn Road Re-alignment	8.7
Johnstone Bypass A737	20.3
Ayr Road Route (Phase 1)	28.4
Hamilton Road Route	32.1
Townhead-London Road link - Glasgow	28.5
Greenock Sea Outfall	9.0
M74 Maryville-West of Fullerton Road	26.4
A77 B764 - M'Heugh (Dualling)	12.9
A77 Fenwick-B764 (Dualling)	10.2
M8 Baillieston-Shawhead	17.2
M8 Shawhead-Newhouse	9.9
M80 Cumbernauld-Haggs	29.7
M80 Stepps Bypass	11.1
M80 Stepps-Cumbernauld	14.8

NOTE: excludes proposals contained within Glasgow NPC1.

SOUTH WEST

There are no projects over 15 MECU planned within this profile area.

NOTE: projects are not listed in order of priority

PROJECTS APPROVED IN 1984 AND 1985 WITH AN INVESTMENT COST OF OVER £1M

The following list covers major ongoing projects which will be completed during the currency of this RDP. ERDF commitments for these projects have already been agreed.

Highlands and Islands Area Profile

<u>RP Number</u>	<u>Project/location</u>	<u>Year Approved</u>	<u>Investment Cost</u>
4408/008	Electricity Submarine Cable, Tiree/Coll	1984	£3,510,000
4408/009	Electricity Supply, Yell/Unst	1984	£1,590,000
4408/010	Electricity Power Station, Conon Valley, Luichart	1984	£1,990,000
4411/008	Gas supplies, Inverness	1984	£2,872,000
4516/001	New signalling system, Dingwall/Wick/Thurso	1984	£1,210,000
4516/002	Track rationalisation and resignalling, Inverness	1984	£2,840,000
4528/001	Ferry vessels & Terminals, Uig/Lochmaddy/Tarbert	1984	£13,000,000
4554/005	Road improvement, Invergordon Harbour	1984	£1,000,000
4554/009	60 metre quay, Invergordon	1984	£1,600,000
4600/005	Weather Independant, Facilities, Castlebay	1984	£1,600,000
4614/008	Steamer pier improvement, Mallaig	1984	£2,030,000
4650/009	Inter Island Ferry, Yell, Unst, Fetlar	1984	£1,030,000
4698/012	Extension to Lerwick Harbour	1984	£5,100,000
5158/001	Ullapool Harbour Improvement Scheme	1985	£3,200,000
5403/005	Invergordon Wet dock	1985	£1,600,000
5540/004	Road Improvement, Wardhil, Shetland	1985	£1,736,00
5572/001	Improvements B8011/C39 Uig Road, Lewis	1985	£1,210,000
5586/012	Electricity Power Station, Striven	1985	£1,086,000
5586/013	Electricity Supply Control Centre, Dingwall	1985	£1,900,000
5638/002	Improvements to A832, Kinlocheve	1985	£1,070,000
5638/006	Improvements to A95, Spey Bridge	1985	£1,107,000
5638/013	Road Improvements, Lochcarron	1985	£1,122,000
5638/021	Road Depot, Fort William	1985	£1,200,000
5714/001	Improvements to Oban Pier	1985	£1,500,000
5714/002	2 Ferry Vessels Largs/Fishnish/Cumbræ	1985	£1,700,000

Tayside Area Profile

<u>RP Number</u>	<u>Project/location</u>	<u>Year Approved</u>	<u>Investment Cost</u>
4469/002	Water Mains, Technology Park, Dundee	1984	£1,067,000
4521/001	Dightly Sewer, Dundee (Phase 1, 2 & 4)	1984	£3,600,000
4521/005	Kingsway Road, Dundee	1984	£2,800,000
4648/002	Gas Supply, Dundee	1984	£1,130,000

East Central Area Profile

<u>RP Number</u>	<u>Project/location</u>	<u>Year Approved</u>	<u>Investment Cost</u>
4415/002	Site Servicing Ind Estates, Livingston	1984	£3,240,000
4417/001	Sewage Works, Linlithgow	1984	£1,300,000
4452/004	Transport Interchange Facility, Kirkcaldy	1984	£1,880,000
4515/001	Main drainage scheme, Kirkcaldy	1984	£8,245,000
4690/001	Eastern Link Road, Dunfermline	1984	£3,690,000
4691/001	A89/7066 Roundabout, Livingston	1984	£3,240,000
5587/001	New Station and Line, Bathgate	1985	£2,200,000

<u>RF</u> <u>Number</u>	<u>Project/location</u>	<u>Year</u> <u>Approved</u>	<u>Investment</u> <u>Cost</u>
5691/001	Hope Street, Falkirk	1985	£2,016,000
5691/002	Hallglen/Redding Road, Falkirk	1985	£1,470,000
5691/011	Sewage Treatment Works, Bo'ness	1985	£1,128,000

West Central Area Profile

<u>RP</u> <u>Number</u>	<u>Project/location</u>	<u>Year</u> <u>Approved</u>	<u>Investment</u> <u>Cost</u>
1862/003	A8 Improvement Tranche 3, Glasgow	1984	£12,000,000
4413/003	Traffic Signals, Glasgow	1984	£1,100,000
4414/001	Springburn Road realignment, Glasgow	1984	£13,340,000
4415/001	Site Servicing Peel Park Estate, East Kilbride	1984	£4,605,000
4416/001	Bus garage modernisation, Glasgow	1984	£3,000,000
4416/002	Electricity to underground railway line, Glasgow	1985	£1,202,000
4420/001	Paisley Leisure Centre Phase 1	1985	£5,100,000
4516/004	Track Ration & Resignalling Kilmarnock to Annanline	1984	£3,520,000
4536/001	Improvement to A82, Holybank	1984	£6,000,000
4619/01A	Widening of Fullarton Road, Glasgow	1984	£3,296,000
4619/004	Bellshill Bypass, Glasgow	1984	£5,600,000
4619/005	Realignment of Crow Road, Glasgow	1984	£4,920,000
4689/006	Water Treatment Works Ph 1, Muirdykes	1984	£5,350,000
5402/002	Bridge over Glasgow/Ayr Railine, Glasgow	1985	£1,247,000
5567/001	Electrification extension Largs/Ardrossan, Railway Line	1985	£3,550,000
5586/008	Electricification of Paisley/Ayr/Renfrew Railway Line	1985	£1,202,000
5594/002	Airdrie Town Centre Relief Road	1985	£5,100,000

South West Area Profile

<u>RP</u> <u>Number</u>	<u>Project/location</u>	<u>Year</u> <u>Approved</u>	<u>Investment</u> <u>Cost</u>
4341/003	Hydro-electric Station, Drumjohn	1984	£1,330,000
4592/003	Drainage Scheme, Kirkcudbright	1984	£1,550,000
4592/008	Creetown Bypass, A75	1984	£3,920,000

SECTION 9B

HIGHLANDS AND ISLANDS (SEE MAPS 7A-C)

9B.1. SOCIAL AND ECONOMIC ANALYSIS

INTRODUCTION

1.1 The Highlands and Islands comprise the northern and north-western parts of Scotland and are relatively remote from the main centres of population and economic activity in Scotland let alone the rest of the UK and the European Community. Small concentrations of population and employment are to be found along the north-east coast and at isolated locations in the west on the mainland and around the main towns of Stornoway, Lerwick and Kirkwall in the islands. The service sector is important (more than 65% of those in employment in 1981) but manufacturing is under-represented (15%) compared with the rest of Scotland. The primary sector accounts for about 10%. Much of the terrain is mountainous or consists of islands which contributes to communication problems but the scenic qualities of these areas provide an important tourist attraction. The whole area has a population density of less than 0.076 persons per hectare compared with 0.688 for Scotland as a whole. The peculiar problems of the area led the Government in 1965 to set up a development agency, the Highlands and Islands Development Board, to strengthen and diversify the economy and to stabilise the population. Within the period covered by this RDP it is envisaged that a National Programme of Community Interest will be developed for island areas.

The TTWAs covered within this profile are shown on Map 8 and the local authority boundaries are shown in Map 9. In discussing the problems and setting out the strategy for development measures it is convenient to divide the area into 4 sub-areas:

- Highland Region (consisting of Lochaber, Badenoch and Strathspey, Inverness, Skye and Lochalsh, Ross and Cromarty, Sutherland, Nairn and Caithness Districts) and Argyll and Bute Districts, the island of Arran and the Forres TTWA (A)
- the Orkney Islands (B)
- the Shetland Islands (C)
- the Western Isles (D)

The problems and prospects for each of these areas are now considered in turn.

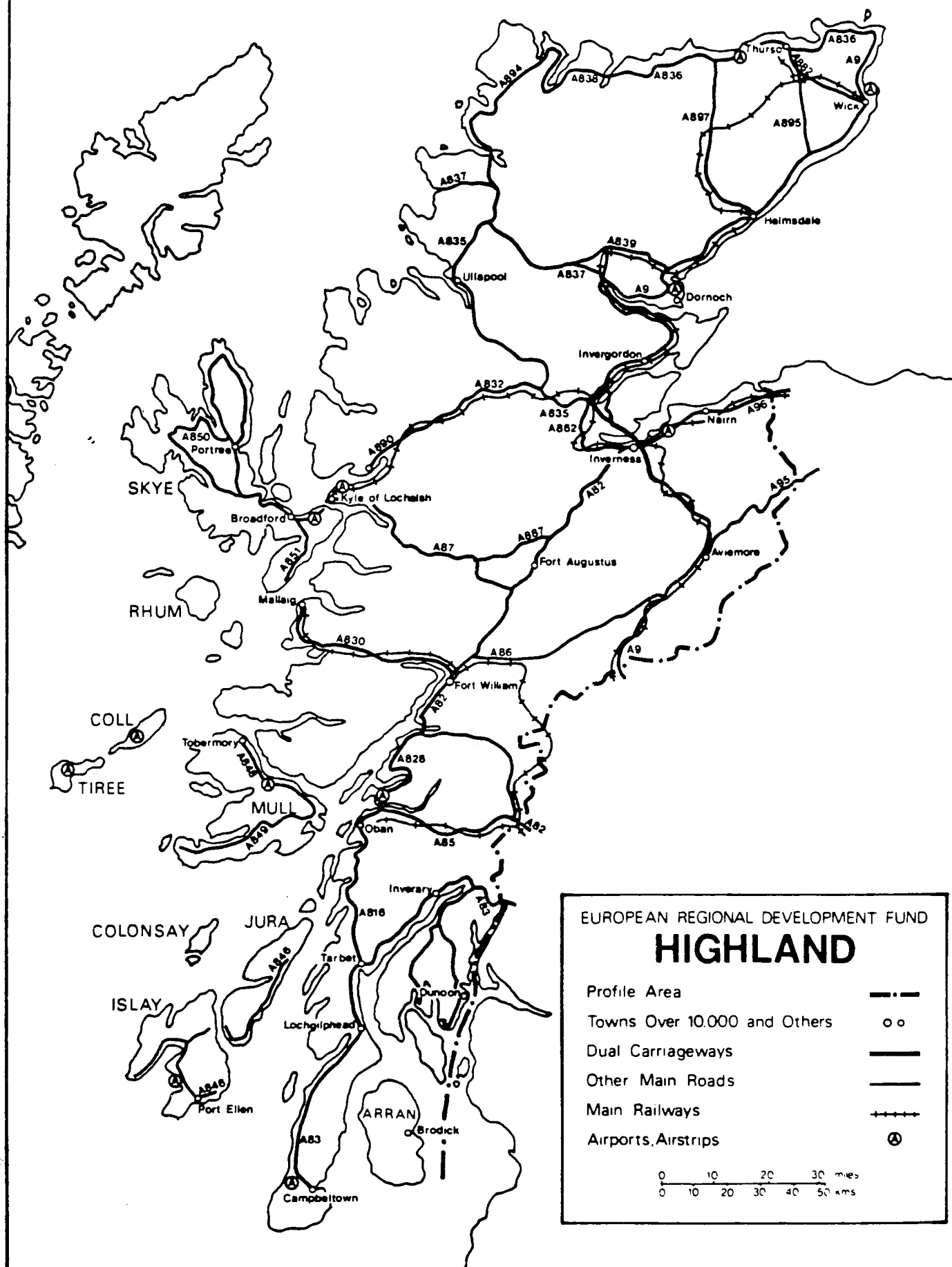
(A) HIGHLAND REGION/ARGYLL AND BUTE/ARRAN/FORRES

Problems

- Geographic

1.2 The area is very sparsely populated, containing 32% of Scotland's land surface but less than 4% of its population. With about two-thirds of the population living in the coastal areas of the Moray Firth, and the towns of Oban, Fort William, Wick and Thurso. Large tracts of land are virtually uninhabited. Historically, the area has experienced a substantial degree of depopulation, a trend which has been checked only recently. Although much of the land is of poor quality - with over 92% classified as hill and moor grazings - primary industries support a higher than average proportion of the labour force than in Scotland as a whole.

Map 7a



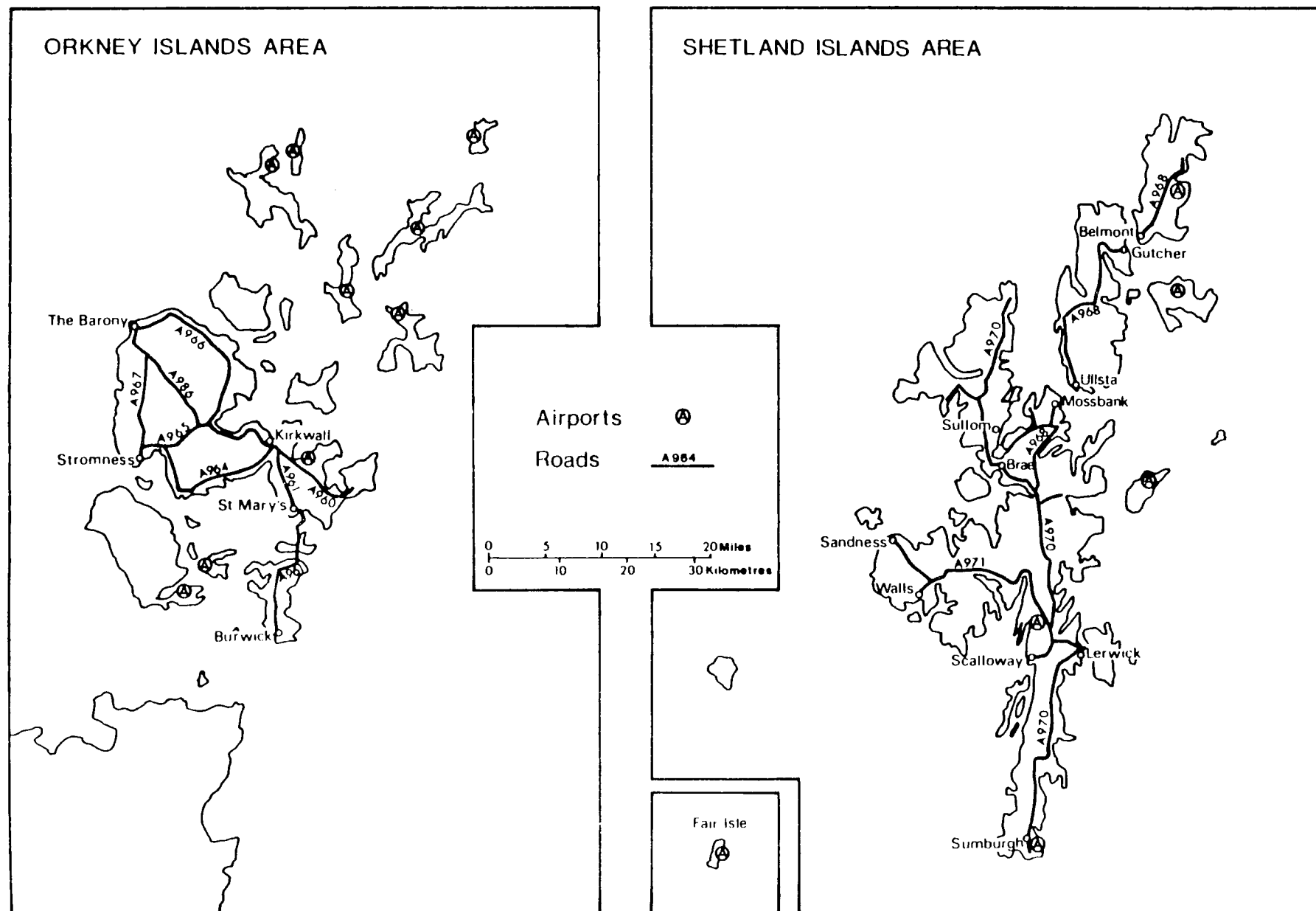
EUROPEAN REGIONAL DEVELOPMENT FUND

HIGHLAND

- Profile Area ---
- Towns Over 10,000 and Others o o
- Dual Carriageways =====
- Other Main Roads =====
- Main Railways +++++
- Airports, Airstrips Ⓐ

0 10 20 30 miles
0 10 20 30 40 50 kms

HIGHLAND

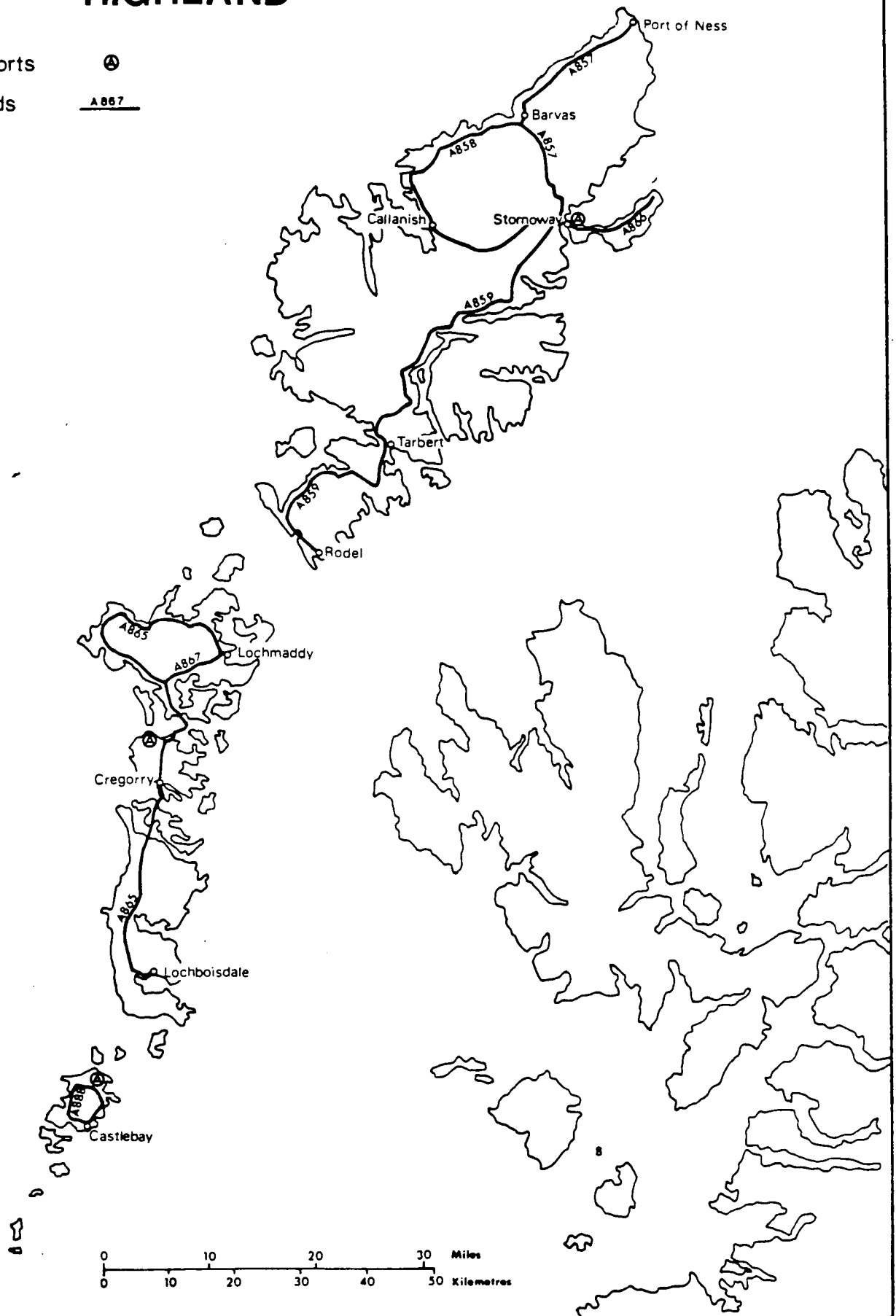


HIGHLAND

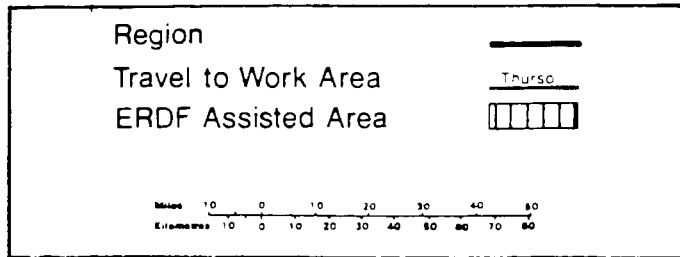
Airports



Roads



Map 8



ORKNEY
ISLANDS AREA

Orkney

Shetland

SHETLAND
ISLANDS AREA

WESTERN ISLES
ISLANDS AREA

Western Isles

Thurso

Wick

Sutherland

Skye and
Wester Ross

Invergordon
and
Dingwall

Inverness

Badenoch

Lochaber

Oban

Oban

STRATHCLYDE
REGION

Islay/
Mid Argyll

Dunoon
and
Bute

Campbeltown

TRAVEL TO WORK AREAS

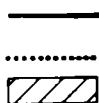
EUROPEAN REGIONAL DEVELOPMENT FUND

HIGHLAND

Region

District

HIDB Area

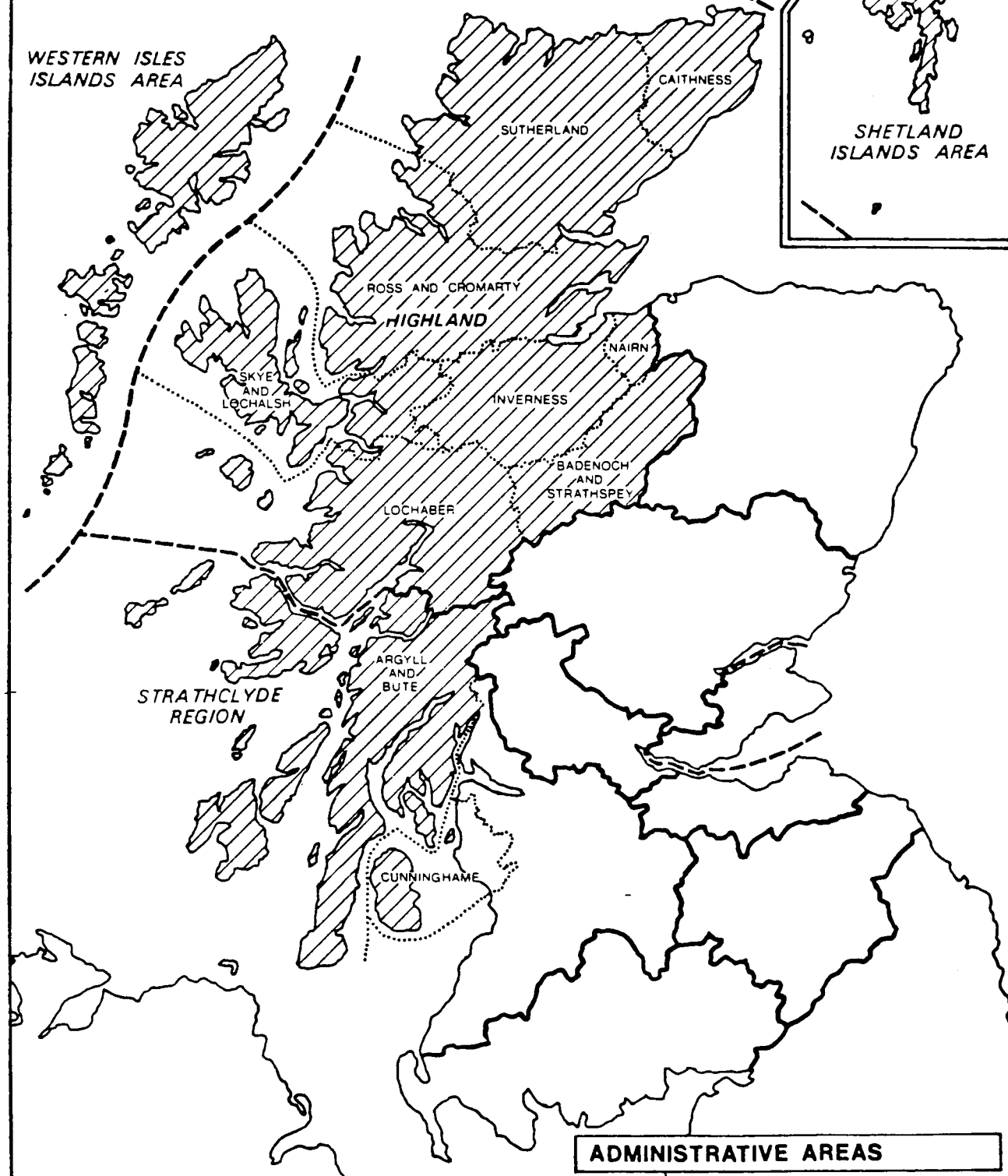


Miles 10 0 10 20 30 40 50
Kilometres 10 0 10 20 30 40 50 60 70 80

WESTERN ISLES
ISLANDS AREA

ORKNEY
ISLANDS AREA

SKETLAND
ISLANDS AREA



ADMINISTRATIVE AREAS

- **Economic**

(i) Highland Region

1.3 Manufacturing is under-represented principally because of the area's remoteness and the intense competition from other parts of the UK. Local manufacturing industries, such as distilling and sawmilling, which are traditionally resource-based, have suffered from a combination of increased competition and reduced demand for their products.

1.4 The primary industries engage 8 per cent of the workforce (often on a part time basis) with the main activities being inshore fishing, crofting, hill-farming and forestry. All these activities have been under pressure with the increased costs of production eroding profitability and in the case of fishing the added combination of stock conservation measures and increased competition from boats displaced from other grounds. Agriculture is disadvantaged by poor soils, difficult terrain, harsh climate and remoteness from markets.

1.5 Service industry dominates the economy, comprising over 77 per cent of all jobs including substantial employment in, for example, the highly fluctuation, construction sector. Tourism makes a major contribution, based on the historical associations and exceptional scenic qualities. The diffusion of tourist spending is particularly vital to supplementing the income from part-time occupations which would otherwise be inadequate to hold the population in many areas. The main impediments to trade are the shortness of the season, relatively short length of visits, accessibility into and within the Highland and Islands and foreign currency fluctuation (particularly US dollar) and the relative sparsity of all-weather facilities.

1.6 During the 1970s, thanks largely to the growth attributable to oil-related industry plus the attraction of new industries, some adverse trends have been arrested and the numbers in employment increased by 16,000 to 73,000. Over the period, employment became heavily dependent on a few large projects in a limited range of industries such as the Dounreay Prototype Fast Reactor, pulp and paper making, aluminium smelting, oil platform and fabrication yards; pipe coating and the construction of oil terminals. Closures of the Lochaber pulp mill and the aluminium smelter at Invergordon together with fluctuations in the oil construction industry, had severe repercussions on the local labour market.

1.7 The severity of the situation in Invergordon was recognised by the creation of an Enterprise Zone in 1982 although this has not yet produced a net increase in jobs. Unemployment as a whole rose from a rate of 6.8% in December 1975 to 14.2% in December 1983 - an increase of some 6,400 in absolute terms. During 1984, rundown at oil-related establishments contributed towards a very rapid rise of over 3,000 in unemployment. In January 1986, the rate for the Invergordon TTWA was above the Scottish average. Pockets of very high unemployment are evident in Invergordon, Skye and Wester Ross, Lochaber and Sutherland. The unemployment problem has been exacerbated by the second generation effects following the inflow of workers in the 1970s with an increasing number of school leavers seeking jobs.

(ii) Argyll and Bute District

1.8 Within Strathclyde Region, Argyll and Bute District forms part of the area covered by the Highlands and Islands Development Board. The District is sparsely populated and highly peripheral to the main centres of economic activity; it contains a significant island population. The characteristics and problems of the area are broadly similar to those of the Highland Region described in paragraphs 1.3-1.7. Tourism, agriculture, forestry and fishing are important sources of employment. Within manufacturing, shipbuilding, whisky distilling, chemicals and clothing - all on a small scale - are the main industries. Over the past decade, employment in the area has declined in contrast to elsewhere within the HIDB area where oil-related developments have contributed to a net gain in jobs.

1.9 Unemployment in the Campbeltown and Dunoon/Bute travel-to-work areas is above the Scottish average. In the north western part of the District, unemployment is generally lower than the Scottish average, although on some of the islands local unemployment rates are higher. Throughout Argyll and Bute there are significant seasonal swings in unemployment, and unemployment rates in the winter months in most areas are well above those in the rest of Scotland.

(iii) Forres

The economic structure of the district has a very narrow manufacturing base - only 7.5% of employment compared with 16.9% for the whole of Grampian Region. The service sector accounts for 60 per cent of employment with just over half engaged in distribution, hotels, catering and tourism. Agriculture and forestry accounts for 8.5%. The Royal Air Force base at Kinloss is very significant, although a large proportion of expenditure leaks from Forres to the larger settlements of Inverness and Elgin. The unemployment rate for the Forres TTWA has in recent years been one of the highest in Scotland reflecting the weak economic base and lack of job opportunities.

(iv) Arran

The Isle of Arran is heavily dependant on tourism. The island is popular for walkers and campers who are attracted by its scenic qualities. Action has been taken by Strathclyde Regional Council to improve water supplies. There will be a continuing need to upgrade infrastructure services to allow tourist developments. There is a problem created by the limited capacity of the summer ferry service between in the north of the island. This problem should be removed with the introduction of a new ferry which is currently being constructed.

- Infrastructure

1.10 Much of the rural infrastructure consists of networks and structures built over 100 years ago. Many of these are now substandard and require renewal or remedial work. The absence of some services, and the poor quality of others, provides no incentive for people to remain in their home areas, much less to attract tourists and incoming industry. These considerations apply both to infrastructure which is directly linked to the creation or maintenance of new jobs such as fisheries, piers and access roads, and to infrastructure which is essential to the overall development of the regional economy.

1.11 The long lines of communication both within the area and from the rest of the country mean that transport costs form a significant element of the economics of prospective developments. Over half the strategic road network is still single track or substandard. Road improvements produce savings in time, fuel economy and comfort and significantly reduce transport difficulties which are perceived as a major deterrent to the attraction of inward investment. Congestion in small towns, for example, Forres creates bottlenecks particularly in the height of the summer tourist trade. Bypasses may provide one solution but care needs to be taken of the economic consequences (eg loss of trade) to by-passed communities. In other cases, traffic management schemes provide a more cost effective means for dealing with congestion. In the Forres area prospects for creating new employment opportunities appear to be related to exploiting the area's natural resources and, in particular, forestry and tourism. A study to look more closely at development opportunities has been commissioned.

1.12 The marginal nature of much of the economic activity means that even small savings in transport costs may make the difference between success or failure. For primary industries and tourism in particular, high transport costs may make the difference between a resource, be it marginal hill land, inshore fishing or a country house hotel, being utilised or left unproductive. In the north and west especially the rebuilding of several strategically placed bridges are essential to open up the areas which are presently inaccessible to the new larger commercial vehicles permitted under EEC regulations.

1.13 Other infrastructural deficiencies are widespread. Many communities do not enjoy modern sewerage facilities and some water supplies suffer from problems of coloration and inadequate filtration as well as reduced pressure and system failures due to the combination of tourist demand and drought conditions in summer. Provision of facilities has tended to lag behind the creation of jobs and provision of housing in some of the larger centres. Expansion of the built-up areas of these settlements has in many cases also outstripped major infrastructure thresholds, such as road and water/sewerage, which, if not rectified, will cause worsening congestion and pollution and inhibit further industrial, commercial and tourist development. The need has been identified for substantial refurbishment of the electricity distribution system over a period of years.

Prospects

1.14 The population is expected to rise to nearly 202,000 by 1991 - an increase of about 4,500 from 1984 levels. Projections predict a decrease in population in Badenoch and Strathspey, Caithness, Lochaber and Sutherland Districts. Increases in population are expected in Inverness, Ross and Cromarty, Nairn and Skye and Lochalsh Districts. Within most Districts depopulation is a continuing trend in the remoter rural areas.

1.15 In economic terms it is expected that the overdependence on the primary sector and in particular, agriculture will continue. Fishing and fish farming have in recent years created a number of jobs and income. Expansion in fish-farming is expected to continue although the industry is becoming much more competitive and good sites are becoming increasingly difficult to find. The future of the fishing industry will depend upon future stock levels and a period of stability in EEC Fisheries Policy. Infrastructure investment at Kinlochbervie, Lochinver and other ports could help to sustain landings. It is expected that more value will be added locally for the development of processing plants. Most of the fish landed is exported directly to Eastern Europe via Communist Bloc factory ships or by road to the rest of the UK.

1.16 Mineral and energy resources represent a vast potential - Europe's first coastal superquarry is under development on Loch Linnhe near Fort William and other similar sites have been identified. There is a growing interest in the wide range of industrial minerals including barytes for the oil industry. Extensive peat deposits in Caithness and Sutherland particularly could be developed as an industrial fuel such as peat-coke. Run of river hydro electric schemes could produce an estimated 450 MW of electricity if potential sites are developed. In addition there are a wide range of locations with potential for "alternative" energy production - wind, wave and biomass.

1.17 The 3 oil-platform construction yards have developed good records. More recent developments have included the pre-fabrication of offshore pipelines, and the development of rig repair and maintenance facilities in the Cromarty Firth. Future prospects depend upon the levels of offshore exploration and development particularly in the North Sea and this could be influenced by the long term stability of oil prices.

1.18 The landscape, wildlife and cultural heritage is outstanding and will continue to attract tourists. The market is volatile being influenced by international currency fluctuations, and weather prospects. The marketing of the tourist attractions and the development of a wider range of facilities will also have a significant effect on tourist numbers. The provision of new or improved infrastructure will generally benefit residents and tourists alike as well as improving attractiveness for inward investment.

1.19 In developing the resources, it will be necessary to ensure that the widest opportunity is given to local residents to participate with a view to encouraging the development of indigenous potential. This can be achieved in a number of ways, through suitable grants and loans for example, and not least by ensuring that relevant education and training facilities are available. Forestry, fish farming and tourism training facilities are currently available.

1.20 A wide range of measures are needed to diversify the economy and to ensure favourable treatment relative to areas elsewhere. These measures are set out in the latter section of this profile.

(B) ORKNEY ISLANDS

Problems

- Geographic

1.24 As a small and remote group of islands Orkney suffers from a number of geographic disadvantages which have important economic consequences. Its small population (just over 19,000) means that there is a very limited local market for goods produced in the islands. The distance from main centres of population imposes heavy transport costs on exporters, and on importers of intermediate goods for industry and of finished goods for household consumption. In particular, the sea crossing between Orkney and the mainland accounts for a large proportion of the transport cost burden. For the 25% of the total population which lives in the thirteen smaller islands, there are additional costs due to the need to tranship all imports and exports through the mainland of Orkney.

1.25 The dispersed settlement pattern creates other difficulties, in particular, the high unit cost of providing services and facilities such as water, sewerage, electricity, etc, and the need to ensure that each island community (and the three smallest in Orkney have populations of around 30 persons each) has a proper pier and other necessary facilities.

1.26 The wet and windy maritime climate is an important geographic influence itself, limiting the range of crops which can be grown in the short growing season, and making it necessary to house all cattle, at considerable cost, through the six to seven month winter season.

- Economic

1.27 The economy is characterised by a very heavy dependence on a single industry, agriculture, which directly employs some 25% of the workforce in Orkney. Within agriculture there is a heavy dependence on a single product, beef, which is well suited to the islands but involves a heavy capital requirement, and, like most forms of agriculture, a declining labour input. Oil has brought a small number of well paid jobs (275 jobs at the Flotta terminal, plus around another 150 in associated marine activities - about 6-7% of Orkney's workforce) but unless new fields are discovered and linked to Flotta, the terminal will close by the mid-nineties. There will be a difficult problem of reabsorbing this workforce (which is mostly local) back into the local economy, if population levels are not to fall again in Orkney.

1.28 As a consequence of the problems outlined above, the manufacturing sector, is relatively limited in size (600-700 jobs - less than 10% of the workforce). There is limited local processing of a number of local products, and a need to add more value in Orkney, especially to agriculture products and fish. Development of the economy is made more difficult by the dispersal of the working population through a number of different islands, each functioning as a separate labour market because of the impossibility of commuting between islands (except in one case). This can lead to the persistence of high levels of unemployment and under-employment in certain islands.

1.29 The continuing long-term decline in the labour input to agriculture, coupled with amalgamation of holdings, poses a problem for the area. The industry itself is very vulnerable to decisions made in London and Brussels, for example on milk quotas where a diminishing quota could destroy the viability of the creamery in Kirkwall and consequently of the Orkney dairy industry itself. The inevitable future decline and termination of the oil jobs in Flotta will, unless new fields are linked to the system, begin to cast a shadow onto

the period 1986-90. The high unemployment and under-employment in some of the smaller islands could reach a critical stage, and the run-down of individual islands would inevitably have serious consequences for the local economy.

- **Infrastructure**

1.30 The over-riding problem is the need to modernise and improve ferry services, especially inter-islands but also to the mainland of Scotland. This will mean substantial investment in both vessels and piers in the next five year period. There is also a continuing need to extend the provision of public water supplies to those areas which do not yet have one, and to improve existing water supplies which are unsatisfactory. At present a major study of the water system and its deficiencies and shortcomings is being undertaken by consultants. In addition, there is a need to install proper public sewerage systems especially in the principal centres of population and employment.

Prospects

1.31 The main economic strengths of Orkney are:

- good quality agricultural land due to natural advantage and improvement over the years;
- extensive exploitable marine resources, eg shellfish, seaweed, proximity to good fishing grounds - and to oil fields; and
- an industrious and versatile workforce

1.32 Nearly all development will be endogenous, rather than exogenous, because Orkney is unlikely to attract 'footloose' investment due to its high transport costs relative to other competing locations. There is substantial potential for development of existing and new industries.

Fishing: expansion of local fleet is taking place and is likely to continue, with more and larger vessels;

Food Processing: expansion of beef exports 'on the hook' rather than 'on the hoof'. Potential development of other meat products. Increased local processing of fish caught by Orkney boats to produce a higher quality freshly processed product;

Fish Farming: good potential for salmon farming, which is now taking off in Orkney, and for growing of shellfish (oysters now well established but other possibilities exist);

Seaweed: the waters around Orkney have probably the largest seaweed resource in the EEC. A study has now been initiated on how best to exploit it;

Craft-based Industries: especially knitwear and jewellery - the skills and the markets exist - there are a number of firms successfully operating. Future expansion is a possibility; and

Oil-related Development: given Orkney's location, and its natural advantages such as the deep sheltered water of Scapa Flow, further oil-related development is possible as areas to the west open up.

SHETLAND ISLANDS

Problems

- **Geographic**

1.33 This group of 100 islands, fourteen of which are inhabited, covers an area of 552 sq miles (1430 sq km) and has a population of around 23,000. The population density of 41 persons per square mile is one of the lowest in the UK. The Islands lie between 60 and 61 North on a level with southern Greenland and are almost as close to Bergen in Norway (225 miles, 362 km) as to Aberdeen (211 miles, 340 km), the main point of communication with the mainland of the UK.

- **Economic**

1.34 The advent of oil related development during the 1970's brought tremendous social and economic upheaval. While oil undoubtedly brought prosperity to some through short term job opportunities, higher wages, investment in infrastructure and an expansion of services; it temporarily offset or hid some of the underlying problems in the Shetland economy and produced other disruptive effects eg competition for labour and higher wages had a serious effect on the traditional industries of fish processing, agriculture and knitwear and depressed the tourist trade. Over the last 10 year employment in the manufacturing sector fell over 30% and several businesses closed. Unemployment trebled soon after the completion of the oil terminal in 1982 and the run down in oil-related services. Fortunately, this rate was not maintained. Instead people started to leave Shetland and the population has fallen since 1982 but unemployment among young people has increased dramatically over the last 4 years .

The people of the Shetland Islands now face the position where more permanent jobs have to be created and where the long term future of the Islands lie in exploiting the main indigenous resources which means trying to revive and expand the traditional industries. The primary industries of agriculture and fish catching employ over 11% of the total workforce with many more involved on a less than half time basis. Only about 10% of employees are involved in any manufacturing activity, while nearly 20% of the work force is involved in oil-related activities.

1.35 The main problems or disadvantages which need to be overcome in developing the local economy are:-

- The narrow economic base which is vulnerable to external market forces and makes it necessary to increase the range of economic activities. Geographical location, adverse climate and poor agricultural land restrict the range of profitable activities;
- The vulnerable nature of the traditional industries and the need to inject new investment in these industries to enable them to modernise and be able to compete more effectively in world markets;
- Peripherality - high cost of investment and operating costs due to remote geographical location, and communication difficulties due to distance from markets;
- Lack of industrial premises. Adequate modern industrial premises on serviced sites have not been available thus imposing a constraint on developing new industries; and
- Lack of skills. In order to increase competitiveness, businesses need to modernise and adapt quickly to new technology therefore skill levels have to be upgraded and more training facilities are required, eg for fishfarming.

- **Infrastructure**

1.36 Despite considerable improvements in infrastructure there are still 3 main problem areas. The strategic road network which has only been partly improved; ferries and ferry terminals that are the key to inter-island transport and communication with the mainland; and harbour works that are crucial to the future development of the fishing industry and freight links. Absence of some services and poor quality of others acts as a disincentive to further economic expansion, especially in particular locations and for the traditional industries. The run down in oil related activity especially air and marine services and the completion of the oil terminal has left behind readjustment problems for many service businesses eg construction, distribution and transport services, as well as rising unemployment. There are particular localised problems in the South Mainland as a result of the run down of air services; in the Delting area due to the reductions in workforce at the terminal; and in some of the islands off the mainland. Despite several improvements the road between Lerwick, the main town, and Sumburgh (Airport) still requires attention to upgrade it to an adequate standard. At present the islands rely substantially for their electricity supplies on local high cost diesel-fuelled generating plant.

Prospects

1.37 Population and employment forecasts are currently being revised but preliminary results indicate that for the next 5 years the population will remain fairly static after its drop in recent years; that net migration will be low; that the number of jobs available could hold at present levels if support for the local economy is maintained; and that the number of unemployed will also remain around the present level. It would appear there should be a period of stability although there will continue to be a problem with rising youth unemployment and if new job opportunities do not continue to be generated there could be further net out migration or a rise in unemployment. The next five years need to see new investment and development in the traditional industries and in new industries to ensure there is a strong economic base in the 1990's when there could be serious upheavals due to contractions in oil activities.

1.38 There is potential for generating more economic activity based on exploiting local natural resources. Shetland's strategic location in relation to the fishing grounds offer great potential given suitable management, controls and investment. There could be opportunities for plugging gaps in the local economy and adding value to local resource-based products before they leave the Islands eg processing of pelagic fish. Attempts are also being made to expand the other traditional sectors of agriculture, knitwear and tourism where opportunities also exist. Investment in new activities is also encouraged where this seems feasible.

WESTERN ISLES

Problems

- Geographic

1.39 The Western Isles lie in the North Atlantic on average about 40 miles west of the north-west mainland of Scotland. The area is remote from the main markets and service centres of Scotland. The additional costs resulting from sea and air transport and constraints imposed by the frequency and the timing of services impose additional disadvantages to the economy of the islands.

1.40 The Western Isles are a chain of islands, 15 of which are inhabited, approximately 130 miles in length. The population of 30,000 is, apart from a concentration around the main centre of Stornoway, spread throughout the length of the island chain, and this widespread distribution and low density of population results in high capital and revenue costs of transport and other forms of infrastructure.

- Economic

1.41 The economic base of the Western Isles needs to be widened and the number of income generating activities increased. The primary sector has expanded over the last few years in terms of improved agricultural productivity and growth in fish farming, but in 1982 accounted for only about 10% of employees; the construction industry, similarly, accounts for approximately 10% of employees, but is very dependent on the health of the rest of the local economy. The manufacturing sector is relatively small at 19% of employees and is dominated by two industries - steel fabrication and Harris Tweed manufacture. The largest single sector is the tertiary or service sector with 61% of all employees, but a very small proportion of this is involved in tourism or the provision of services to areas outwith the Western Isles.

1.42 Since 1980 the unemployment rate for the Western Isles has fluctuated between 17% and 27%. In January 1986 the unemployment rate was 19.9%. The overall level of unemployment of the Western Isles, serious though it is, disguises the acute problems of unemployment faced in the rural areas due to the relatively strong position of Stornoway, the dominant centre of the Western Isles. Advantage has been taken of the short-term employment and training programmes (Community Programme, YTS) and these have proved most beneficial to the area. However, their success masks the real level of long-term unemployment in the area. Markets for Harris Tweed and steel fabrication products have been buoyant over the last few years but any downturn and consequent job losses would have a significant impact on the community. The 1976 ban on herring fishing led to the loss of several hundred jobs. Since that time the fishing fleet has developed in other directions and is now in an improved and fairly stable condition. The industry, however, is very sensitive to external influences.

1.43 There are about 800 miles of highways in the Western Isles and much of this is still of single track with sub-standard horizontal and vertical alignment. Much of this is built on peat requiring frequent and costly maintenance. Vehicle ferries or causeways now provide access to all the small islands with the exception of Vatersay, which at present is served by a passenger only ferry. The completion of roll-on/roll-off facilities at Tarbert and Lochmaddy means that Castlebay will be the only main port of entry in the Western Isles without such facilities.

1.44 2% of the population has no mains water supply. Only three areas in Lewis have fully-treated water and in other parts discolouration of supply is a problem. Approximately 5,000 dwellings are without public drainage. The most common method of sewage treatment is by septic tank with sea outfall or tank and biological filtration with outfall to an inland water course. Inadequate domestic septic tanks are the main source of pollution in the area.

Prospects

1.45 The population of the Western Isles declined steadily from a peak of 46,732 in 1911 to 29,281 in 1971. This decline, however, was halted in the decade between 1971 and 1981 and the population rose to 30,713. The population is likely to remain static or increase slightly in the period up to 1990 due to (a) continuing investment by public authorities and (b) the level of employment opportunities available on the mainland. While the population of the Western Isles as a whole appears to have stabilised, depopulation remains a problem in the remotest areas of the Western Isles; the populations of Harris, South Uist, Lochs and Uig all declined between 1971 and 1981 and are likely to continue to do so in the period to 1990. Another aspect of population is that the structure for the Western Isles has been gradually getting younger as a consequence of a decline in the number of elderly people and the recent immigration of young families. The fact that the population is likely to remain stable or increase slightly up to 1990, together with the fact that the population structure is getting younger, implies a rise in the number of persons in the economically active age groups. The likely position is that unless there is a significant increase in the generation of job opportunities over the next five years, unemployment is going to rise.

1.46 The great economic strength is the availability of indigenous or natural resources in or near to the area. The islands are surrounded by some of the major fishing areas of Europe. Many of the freshwater and sea lochs of the islands are ideal for fish farming - the remoteness of the islands from the mainland also means that these waters are disease free. Other marine related resources, which could be exploited further, are seaweed (for the production of alginates) and recreational opportunities. The area is rich in energy resources - wind, wave and tidal power, and peat. The area has a number of sand and aggregate sources, one of which (Lingerabay, South Harris) contains very high quality stone ideally suited to road construction and other civil engineering requirements. The area has a flexible and adaptable workforce which has enabled a number of activities, amongst which must be included Harris Tweed manufacture, to develop in the islands. The adaptability of the workforce is highlighted by the high incidence of "pluralism" in which the household's income is obtained from a number of activities eg crofting agriculture, weaving, fishing, seaweed collection, fish farming.

1.47 Major strengthening of the pound against the dollar could have an effect on Harris Tweed sales. Apart from this, problems envisaged are more associated with recent successes; recent growth in the production of farmed fish and shellfish requires improved marketing and an increase in processing facilities.

1.48 Opportunities exist for the development of indigenous potential through the development of existing markets and the identification of new ones. The fishing industry has widened its markets considerably, both geographically and in terms of the range of wild and farmed fish. The exhaustion of supplies of good aggregates close to the markets of South East of England and the Low countries increase the viability of quarrying for export in the Western Isles. Recent improvements in the quality of sheep and cattle, though IDP schemes aided by FEOGA, together with the development of marketing organisations have assisted in the development of the island agriculture.

1.49 Much work has been done recently on reviving the traditional knitting skills of the islands and excellent market opportunities for knitwear have been identified. The Western Isles has a distinctive attractive and largely unspoilt landscape; it has a rich historical and cultural heritage. As well as being important to the community, these attributes have potential for economic activity in terms of the development of tourism and recreation. With the growth of leisure activities and tourism in Western Europe, the Western Isles has potential particularly for the provision of "specialist" holidays. The presence of a flexible and skilled workforce, a pleasant working environment, and the association of a product with the Outer Hebrides does provide opportunities for the development of non-indigenous activities. Good examples can be found in the craft sector such as pottery, jewellery and perfume manufacture.

9B.2. DEVELOPMENT OBJECTIVES

2.1 The following objectives and development priorities for the whole area have been identified:-

- to maintain and increase population by providing employment opportunities to economically active (especially 16-35 age group);
- to encourage the development of the existing industrial base utilising where possible the local natural resources linked to the primary industries of agriculture, forestry, quarrying and fishing;
- to diversify the industrial structure, encourage innovation and generate new activities, the main priority being to support projects that build on indigenous potential (eg fish processing);
- to develop industry which is particularly appropriate to islands and remote areas;

- to develop the service sector, especially tourism and also craft industries;
- to increase skill levels with particular emphasis on skills appropriate to rural areas;
- to improve the efficiency and reliability of sea and air links with the islands through the improvement and modernisation of ferry services, harbours and piers and air transport;
- to provide services (eg water, sewerage and electricity) where there is no existing supply or where the existing supply is inadequate; and
- to explore the scope for introducing alternative energy sources (eg wind, tidal)

2.2 The scale and type of economic development should, whenever possible, be based on the policy of bringing jobs to people rather than vice versa. In pursuance of this policy, the development strategy will provide for the division of resources for industrial promotion and infrastructure provision between developing major industry and sustaining viable local communities. The continuing improvement of rural communications and harbours will allow the development of the area's natural resources and the development, expansion or relocation of commercial and industrial enterprise. Emphasis will be given to promoting light manufacturing, resource processing and service industries along with developments associated with large-scale industries in, for example, the Cromarty Firth (Invergordon) (oil industry support), Caithness (nuclear power) and Fort William (timber using or other industries). In remoter areas, plurality of occupation is an important feature of employment and helps to retain population. This means that not only must the agriculture, fisheries and forestry base of such communities be developed but it should also be supported by investment in related processing and marketing industries, the encouragement of tourism and other suitable rural business ventures such as crafts, and the promotion of conservation and environment enhancement. Throughout the Highland and Islands, the extent to which value can be added to primary products through processing will be important, particularly in the Orkneys, the Shetland and the Western Isles where there is considerable scope for establishing and developing fish processing.

2.3 Priority will be given to projects which provide additional capacity or remedy deficiencies in the transport, water and drainage systems of the area so as to assist economic development, enabling industrial, commercial help to retain rural population in remote and agriculturally less-favoured areas and tourist developments to proceed.

9B.3. DEVELOPMENT MEASURES

The following strategy is proposed in relation to the development objectives already outlined.

Communications

3.1 The main priority in the mainland local roads programme is the strategic road network linking various communities on economically important routes. Many sections of this network still require upgrading from single track to modern two-track standards. Highland Regional Council intend to improve the cross-Region route to Gairloch and Wester Ross and the remaining single track sections on the A850 through the Isle of Skye. The Council also plan a series of major improvements for the A95 in Badenoch and Strathspey and works will be undertaken on the B801 providing improved access to the important fishery harbour at Kinlochbervie where extensive development works are proposed. Improved communications to remote areas will also be undertaken. Particularly important in this respect will be weak roads and bridges which presently restrict development.

Major projects over £1 million**Estimated Cost (£m)****Highland Regional Council**

A832	Achanalt-Achnasheen I	2.1
A832	Grudie-Achanalt I	1.8
A832	Grudie-Achanalt II	1.7
A836	Auction Mart-Achinduich	1.5
A850	Broadford-Kyleakin III	2.2
A887	Torgoyle-Bunloyne I	1.8
A887	Torgoyle-Bunloyne II	1.3
A95	Broomhill	1.1
A832	Slattadale	1.3
	Inverness Relief Road II	3.8

Scottish Development Department

A9 - Dornoch Crossing	12-15?
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Strathclyde Regional Council

A846	Ballygrant-Bridgend	2.9
	Rothsay Harbour Improvements	1.7
A886	Strachur-Leanach	2.2
A848	Salen-Tobermory, Phase I	1.7
A83	Artilligen-Stonefield	1.6

Grampian Regional Council

Forres Bypass	2.6
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3.2 Upgrading of the strategic road networks of the islands areas, particularly where this improves access to harbours and airports, is important to their economic development. For example, on Shetland the main priority, in improving the islands road network is further improvements to the A970 between Sumburgh and Carnich. Realignment, removal and widening works are commonly required to improve both speed and safety.

Major projects over £1 million**Estimated Cost (£m)****Orkney Islands Council**

A961	Kirkwall-Burwick improvements	2.2
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Shetland Islands Council

A968	North Unst (Phases 1 and 2)	2.1
A971	Wormadale (Phases 1 and 2)	4.0
A970	Lerwick/Sumburgh (4 separate phases)	7.3
A970	Northmavine (Phase 4)	2.2
B9071	Voe-Laxo-Vidlin (Phases 3 and 4)	1.9
A971	Bixter-Walls-Sandness	2.6
B9071	Bixter-Aith-Voe	1.3
A970	Voe-Brae (Phase 1)	2.1

Western Isles Islands Council

A859	Stornoway-Tarbert	2.9
A867/A865	Lochboisdale	3.2
B895	Newmarket-North Tolsta	1.5
A866	Stornoway-Portnaguran	2.5
A858	Garynahine-Barva	2.5
B8060	Balallan-Eishal	2.0
B8011	Uig Road	5.2
	Barra & Vatersay Causeway	3.0

There are no trunk roads on the islands but further improvement of the trunk road system on the mainland is planned. The major projects will include a programme of improvements to the A9 north of the Cromarty Firth (including a bridge over the Dornoch Firth), bypasses of Auldearn and Forres on the A9, Inverness-Aberdeen road and a number of improvements on the A830 between Fort William and Mallaig. The full programme of possible starts is:-

Major Projects Over £1 million

	Estimated Cost (£m)
A828 Appin to Achnacone House	2.7
A828 Creagan Bridge Diversion	5.2
A83 Inveraray Bypass	1.3
A830 Kinsadel to Mallaig I	2.9
A830 Kinsadel to Mallaig II	4.3
A830 Kinlold to Kinsadel	4.0
A830 Kinlold to Loch Nan Uamh	4.8
A830 Loch Nan Uamh to Polish Bridge	3.6
A830 Polish to Lochailort	2.5
A835 Garve Railway Crossing	1.4
A87 Dornie Bridge	3.3
A9 Broomhill to Logie Easter	4.4
A9 Brora Bypass	2.0
A9 Crackaig to Culgower	1.7
A9 Dornoch Firth Crossing	17.8
A9 Dunbeath Bridge	3.1
A9 Helmsdale to County Boundary	4.8
A9 Mound Bridges	1.9
A9 Portgower to Greenpark	1.4
A9 Windy House to Borgue Bridge	1.3
A96 Auldearn Bypass	1.4
A96 Forrest Bypass	2.6
A96 Nairn Railway Bridge	1.0

3.3 Ferries are an integral part of the Highlands and Islands transport network and form the only means of communication to many island communities. The upgrading of the important Uig-Lochmaddy-Tarbet ferry link with ERDF assistance under the previous RDP will be vital to the economic well-being of the Western Isles. The introduction of roll-on/roll-off ferries has revolutionised life in the islands areas and acted as a strong stimulus to economic development. All sections of island life benefit from the maintenance of an efficient vehicle ferry service. Agriculture, fish processing and tourism are all made much more viable by the service. Improved services within the Orkney and Shetland islands and from these islands are required involving investment in improved, sheltered terminal facilities and new, larger vessels. In both Orkney and Shetland, inter-island ferry replacement programmes are planned to provide improved vessels on the routes connecting outlying islands with the main island. The Oban-Mull service is under review and it is likely that a new vessel will be ordered in 1986.

Major Projects over £1 million

	Estimated Cost (£m)
New vessel for Oban-Mull route	6.0
Ramps for ro-ro service for Rousay, Egilsay and Wyre (Orkney Islands)	1.3
New vessels for internal ferry service (Orkney Islands)	7.0
New pier, Sanday, Orkney Islands	2.5

3.4 Air services are particularly suited to an area such as the Highlands where there are mountains and wide expanses of water to be crossed and where surface transport is often difficult and slow. Air travel helps to overcome remoteness by providing a fast means of communication with national centres by commerce and administration and in this respect, it is particularly important for the business community. There are four operators of scheduled air services including British Airways, Dan-Air Services Ltd, Loganair Ltd and Air Ecosse Ltd. The Highlands and Islands airport facilities will be operated by a company wholly owned by the Civil Aviation Authority and improved facilities for handling aircrafts (eg runways, lighting) and for passengers (eg terminal buildings) may be necessary at some locations.

3.5 Exploration for hydrocarbons off Scotland's north-west coast could create a requirement for port development in the Western Isles, Oban or Mallaig. There may be further development in the Cromarty Firth - and possibly at Lerwick - of facilities for the inspection, repair, maintenance and possibly conversion of oil/gas rigs. Remedial works may be carried out at Nairn harbour and Wick harbour may be further developed as an offshore supply base. Harbour works are also important to the fishing industry and general economic development of the islands and coastal areas. Improvements to fishery harbours at Gairloch, Kinlochbervie, Kirkwall, Lerwick, Lochinver, Blackness and Whalsay are likely to take place over the Programme period.

Major projects over £1 million

	Estimated Cost (£m)
Kinlochbervie	4.0
Kirkwall pier extension	2.4
Kirkwall Basin Improvements	1.0
Fair Isle (breakwater)	
Whalsay (breakwater)	3.7
Blackness	3.4
Lerwick (Morrison's dock)	4.2
Caledonian Canal - Corpach	1.3

3.6 Action will be taken to improve public transport facilities and in particular infrastructure associated with bus services. Further investment on the rail network between Inverness and Thurso, in particular the proposed Dornoch Firth road/rail crossing, will greatly increase the efficiency of the rail network and will be compatible with major track and signalling modernisation in the Inverness area previously awarded an ERDF grant. The installation of radio communications and electronic signalling on the West Highland lines begun in 1985 will continue. A continuation of the recent modernisation of railway stations is also proposed as is modernisation of the rolling stock depot in Inverness.

Major Projects over £1 million

	Estimated Cost (£m)
Radio communications and electronic signalling on West Highland Lines	1.2
Further Track and signalling modernisation in Inverness area	2.4
Dornoch Firth Road/Rail Crossing (Rail element only)	14.0?

Water and drainage

3.7 The action is primarily intended to aid mobilisation of indigenous potential and to develop tourism within the area. There is an obligation to meet the needs of new commercial and industrial developments for water and sewerage services and a requirement also to provide a first time water supply to existing properties where they are not served at present, together with sewers and sewage treatment works for existing properties which do not have a public service, provided this can be carried out at reasonable cost. The provision for operational depots and workshops also ensures a more efficient service particularly to remote areas.

3.8 An important objective is to improve the operational efficiency of existing water and sewerage systems, constantly updating the plant and machinery where this has become necessary, either because of wear and tear or through growth and demand. This usually implies the installation of new and more economical equipment. Attention will be directed to the improvement of the quality of estuarial waters, beaches, lochs, streams and coastal waters in line with the objective to maintain the environment.

3.9 In relation to sewerage, priorities are agreed in conjunction with River Purification Authorities. By this means, the worst cases of pollution of water courses or coastal waters are highlighted and dealt with as priority. Another factor is the extent to which existing drainage is acting as a constraint to development. One of the aims will be to remove such constraints. Within this general context the bulk of expenditure on water projects is likely to be on first time supply (32%); improvement of water quality and treatment (20%) and increasing supply and reliability (35%). On drainage the great majority of expenditure is involved in first time provision for existing premises and properties, (32%) new treatment schemes and works designed to improve the quality of coastal waters (34%), and servicing increased demand (22%).

Major Projects over £1 million:

	Estimated Cost (£m)
Highland Regional Council	
SEWERAGE	
Thurso Phase I & II	2.4
Inverness	9.0
Portree (Ph II, III, IV)	1.2
Wick (Ph IV & V)	1.0
WATER	
South East and East Sutherland	3.0
Caithness East	2.0
Fort William	3.0
Kinlochbervie	1.2
Black Isle Augmentation	1.5
Inverness Treatment Works	1.0

Grampian Regional Council

WATER

Spynie - Forres Trunk Main	1.8
Spy Abstraction Scheme (covering assisted and non-assisted area)	12.9 (part)

Orkney Islands Council

Rousay, Egilsay & Wyre	2.0
------------------------	-----

Industrial Site Development

3.9 Local authorities and the HIDB work closely together to pursue a strategy for industrial development which is appropriate to the needs of the area. Since its establishment in 1965 the HIDB have provided over 340 units throughout the Highland and Islands. The action undertaken over the next five years will include the provision of workshops, mostly under 200m², and sites for industrial development. It is expected that the provision of site will be geared to small or medium sized enterprises with attention focussed on developing the natural resources of the area. A main focus point for investment is likely to be Invergordon/Alness where substantial investment on providing appropriate infrastructure and services with ERDF assistance is already in hand. Inverness District Council are currently examining proposals for development and extension of the Carse and Longman Industrial estates. Improved access is a pre-requisite of the first case, reclamation of the foreshore is necessary in the second. Estimated costs are £1.1 million and £12.3 million respectively and progress will depend on the availability of resources. Highland Regional Council has a substantial industrial development programme planned for numerous locations and virtually every District within the Region will benefit.

Tourism

3.10 The importance of tourism is reflected in the fact that in 1980 the Highlands and Islands received 19% of all tourist expenditure in Scotland, whereas the area accounts for only 5% of the national population. It is estimated that tourism directly supports some 6,000 jobs, of which the bulk are in Inverness, Lochaber and Ross and Cromarty Districts. The Districts most heavily dependent on tourism are Skye and Lochalsh, Badenoch and Strathspey, Argyll and Bute and Nairn. Tourism is also important to Orkney, Shetland and the Western Isles (particularly the island of Barra).

3.11 The main characteristics of Highland's and Islands tourism are:

- shortness of season (a number of hotels and other facilities close during the winter); and
- dependence upon private transport (85% of visitors).

3.12 Tourism in Scotland has shown little trend growth and has over the past few years actually contracted although there are signs of a slow improvement in the Highlands and Islands. Eighty per cent of all holiday trips in Scotland are made by car and the distance of Scotland and particularly the Highlands and Islands from the main urban centres and from the main entry points for overseas visitors means that petrol represents an above average proportion of total holiday costs.

3.13 It is not clear whether tourism will recover its peak levels (of the 1970s) in the foreseeable future. The potential probably exists. However, the industry has not only to cope with the vagaries of the economic situation, but also with changing tastes. There has been a move away from long stay touring holidays - the mainstay of the Highlands and Islands industry - towards self-catering centre-based holidays and short break holidays.

Self-catering means less local spending per holidaymaker. As for short breaks, it is difficult for the Highlands and Islands to develop this market, because of its remoteness from major population centres (especially affluent ones). Road improvements, improved ferry services and lower fares on long distance buses are going some way to counteract this remoteness, most notably with respect to Central Scotland. However, it is obviously necessary for Highlands and Islands tourism promotion to take account of transport to the area as well as facilities and services within it.

3.14 The main opportunities for generating additional income and therefore jobs from tourism are likely to be related to:

- extending the length of stay and season by the provision of more facilities;
- increasing the attractiveness for touring holidays through improved access to the more peripheral parts; and
- encourage the improvement of accommodation standards.

3.15 Examples of projects presently under discussion and which may be submitted for ERDF assistance in the 1986-90 period are winter sport developments, weather independent facilities, visitor centres, heritage centres and tourist museums, town and village environmental improvement schemes and marina developments. Ross and Cromarty District Council are considering a mountain railway scheme at Ben Wyvis associated with winter sports. Other projects which may be undertaken include:

Major projects over £1 million

	£m
- Shetland Museum/Interpretive Centre	3.0
- Aonach Mor ski development	5.0
- Rothesay Swimming Pool	1.0

Waste Disposal

Waste disposal is a problem in the Highland and Islands. Rubbish tips and indiscriminant dumping at roudsi des can spoil the scenic qualities of the area and consequently have an adverse affect on tourism. THre is also a need to provide new sites for the disposal industrial waste. All tipping proposals will be carefully planned to ensure environmental protection. A number of schemes are planned including a new site in Caithness.

Energy

3.16 The electricity requirements of the Highlands and Islands are met by the North of Scotland Hydro-Electric Board. Since much of the Board's plant dates from the 1940s and 1950s the Board is in the course of a programme of modernisation. This will include modifications to design with a view to maintaining the full capability of the system, improving system performance and lowering costs. The total cost is estimated to be £40m.

3.17 On the distribution side the programme consists predominantly of a large number of relatively small projects. The generation side over the period of the RDP will be dominated by the need to ensure high availability at the Board's two Pumped Storage Stations - Cruachan and Foyers - to maximise the benefits accruing from nuclear power generation at Torness (the subject of EIB loans).

3.18 A major project aimed at reducing costs will be the reduction of generation from diesel oil and connecting mainland supplies to the Western Isles and to Coll and Tiree. A study has identified a suitable route for a submarine cable to the Western Isles providing the Isles with a link to the mainland grid for the first time. The Board propose a 132 kv line on Skye between Broadford and Waternish using a 'Trident' woodpole design to reduce the visual

impact compared with the conventional steel tower. The Board will continue with its policy to connect islands with main grid through submarine cables and the feasibility of a cable to Shetland will be examined. The Board will continue to experiment and develop alternative energy services including the development of run-of river generation (when funds permit), and the development of aero-generation. The Board will also continue with its programme of connecting remote areas which currently do not have a main supply of electricity. The operating of hydro-electric power stations and improved system control are also planned.

Major projects over £1 million

	Estimated Cost (£m)
Cruachan Modernisation	16.4
Foyers modernisation	4.5
Run-of-river generation (per project - locations to be identified)	8.8
Wind generation development (Orkeny and Shetland)	3.4
Centralisation of hydrogeneration control	3.9
Western Isles Connection	35.0
Mull/Coll/Tiree Cable	2.2
Glensauda line	2.7

9B.4. CO-ORDINATION WITH OTHER EC FUNDS

4.1 The provision and modernisation of infrastructure in the Scottish Highlands and Islands has been assisted by loan finance from the EIB to the Regional and Islands Councils and to the North of Scotland Hydro-Electric Board (NSHEB). In the Shetland and Orkney Islands, EIB finance has helped with the provision of oil related infrastructure including developments at Sumburgh Airport, Sullom Voe Harbour and housing for oil workers. In Shetland, a combination of EIB and ERDF assistance enabled the NSHEB to construct the Lerwick 'B' Power Station. All authorities will continue to explore the potential of EIB finance over the Programme period.

4.2 Extensive use has also been made of the EAGGF for a variety of projects in different sectors including fishing (notably modernisation of the fishing fleet), agriculture and processing. This assistance has been extremely important in developing these sectors and, it is hoped, will continue to play a vital role in the future. Most of the area is designated as agriculturally less-favoured (see Map 10).

4.3 The Regional and Islands Councils and the HIDB have been keen to explore the possibilities offered by the ESF to promote new training projects and job creation schemes. Employment subsidy schemes have been operated with considerable success in creating new jobs in the Orkney Islands, the Shetland Islands, the Western Isles and Highland Region and further applications are planned. Fish farming training is regarded of particular importance. It is hoped to continue to explore alternative energy sources in the profile area, tidal and wind power being of particular potential. An application has been submitted for EC assistance towards the installation and operation of an aerogenerator at the new school at Liniclate, Benbecula.

4.4 A major initiative involving other Community instruments has been the Integrated Development Programme for the Western Isles (Council Regulation EEC 1939/81). The Programme which runs for five years, , started in 1982. The main source of European funds is the EAGGF although the existence of the IDP has lead to enhanced levels of assistance from ERDF and priority for applications from the Western Isles to the ESF. The IDP has proved particularly successful in the areas of land and livestock improvement, the development of fish farming and the provision of fishery piers. On the non agricultural and fisheries side, the ERDF has assisted the improvements of roads, water supply and sewerage,

and the provision of land and buildings for industrial purposes. A major scheme supported by the Fund has been the upgrading of the Uig/Tarbert/Lochmaddy ferry service including assistance towards the cost of the new vessel. The IDP is scheduled to operate until 1987. There is the possibility that an Agricultural Development Programme may be implemented for the remaining Scottish islands (see paragraph 9A.4.1(iv)).

Less Favoured Area
Region



Miles 10 0 10 20 30 40 50
Kilometres 10 0 10 20 30 40 50 60 70 80

ORKNEY
ISLANDS AREA

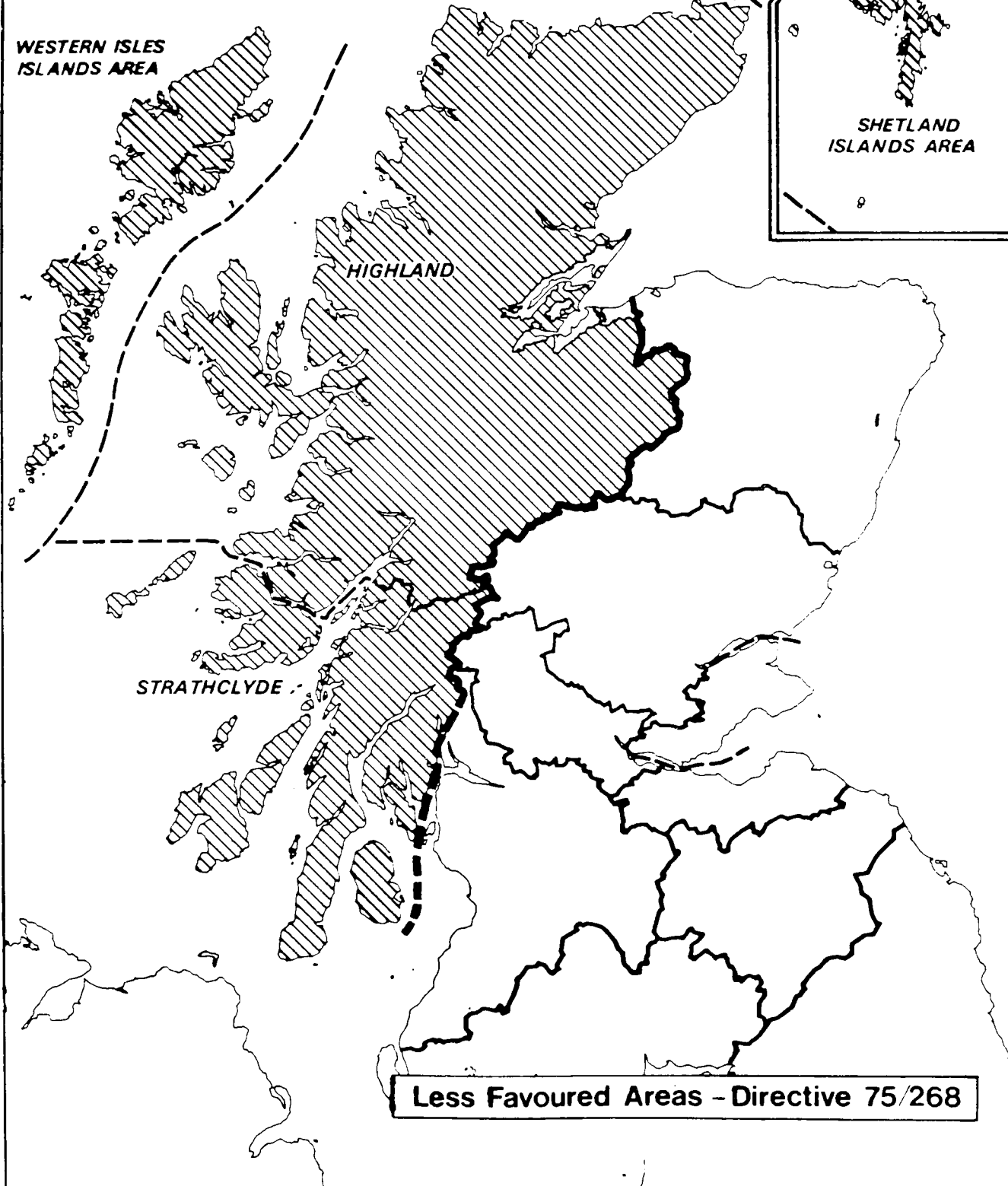
SHETLAND
ISLANDS AREA

WESTERN ISLES
ISLANDS AREA

HIGHLAND

STRATHCLYDE

Less Favoured Areas - Directive 75/268



SECTION 9C

TAYSIDE PROFILE (SEE MAP 11)

9C.1. SOCIAL AND ECONOMIC ANALYSIS

INTRODUCTION

1.1 The profile covers an area on either side of the River Tay estuary and includes part of Tayside Region and, because of functional links across the Tay Bridge, a small part of Fife Region. The profile comprises the Dundee and Arbroath TTWAs (Map 12), both of which are classified as development areas by the UK Government. The local authority boundaries are shown in MAP 13. The profile also covers the former Blairgowrie employment office area (now part of the Forfar TTWA) which although non-assisted still qualifies for ERDF non-quota assistance under the textiles measure until 1989. ERDF assistance over the period covered by this RDP will be channelled through a National Programme of Community Interest.

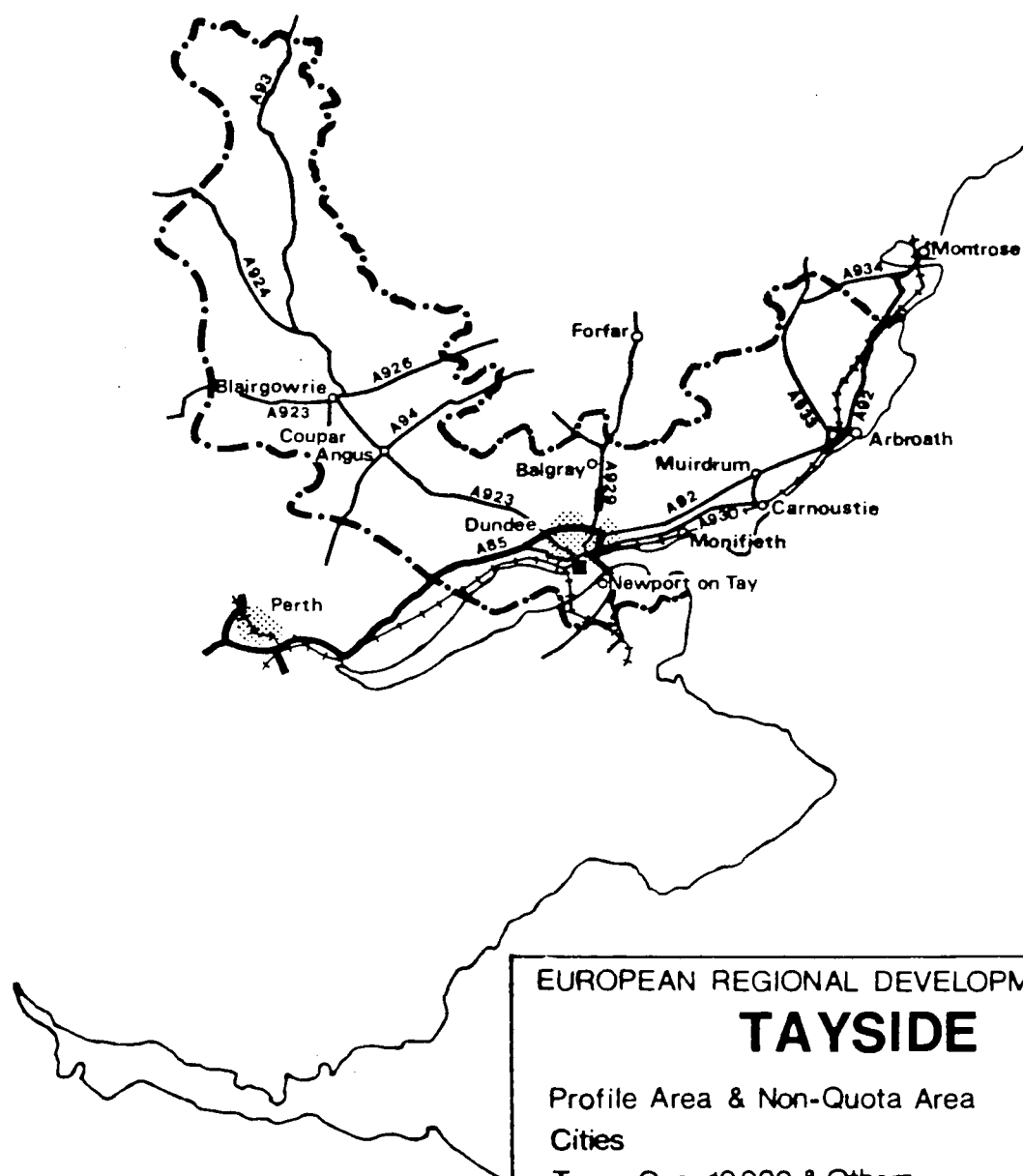
1.2 Dundee is the main centre of industrial activity and the largest centre of population (180,000). The area between and surrounding Dundee and Arbroath (population 23,500) is predominantly rural although Arbroath itself is industrial.

PROBLEMS

1.3 The problems of Tayside can be understood in terms of 2 sets of related factors.

- i. Locational Disadvantages: Tayside is remote from the main centres of economic activity in Britain. Tayside has derived little benefit from spin-off from the developing industries of these areas, notably oil fabrication and servicing, and electronic engineering. Further, the main British ports are now concentrated in the south of England. Tayside's communication links with these areas have, until very recently, accentuated this remoteness. While improvements are taking place to the strategic road network, the development of air communications and the modernisation of the rail network still lag behind many areas. Tayside is still perceived by many outsiders as being remote.
- ii. Structural Problems: Partly as a result of its isolation, Tayside developed on the basis of an industry peculiar to the area - the jute and textile industry. At its peak in the nineteenth century, the industry accounted for 50% of all employment and 75% of manufacturing employment in Dundee. The decline of this industry in the twentieth century revealed the locational disadvantages of the area, as new industries could not be attracted in sufficient quantity to compensate for the decline in textiles. Such American and European firms as were attracted meant that the local economy no longer had a strong indigenous base. The area is therefore vulnerable to shifts in the national and international economy, as evidenced by the recent problems of such firms as NCR and Timex.

1.4 Between 1978 and 1981 the numbers employed in manufacturing declined by almost 30% to 36,000. The majority of the job losses were from firms in the inner city of Dundee. It is in textiles and engineering where job losses have been most acutely experienced. Consequently, changes in the employment structure of Tayside show the local economy losing its dependence on manufacturing, and falling into line with the national average. There is now some optimism that the shake-out of manufacturing employment is nearing its end. The structure of employment is still imbalanced in other ways. For instance, engineering, textiles, publishing and food account for around 60% of all manufacturing



EUROPEAN REGIONAL DEVELOPMENT FUND

TAYSIDE

Profile Area & Non-Quota Area

Cities

Towns Over 10,000 & Others

Motorways / Dual Carriageways

Other Main Roads

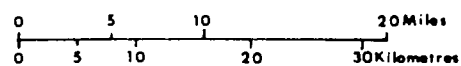
Main Railways

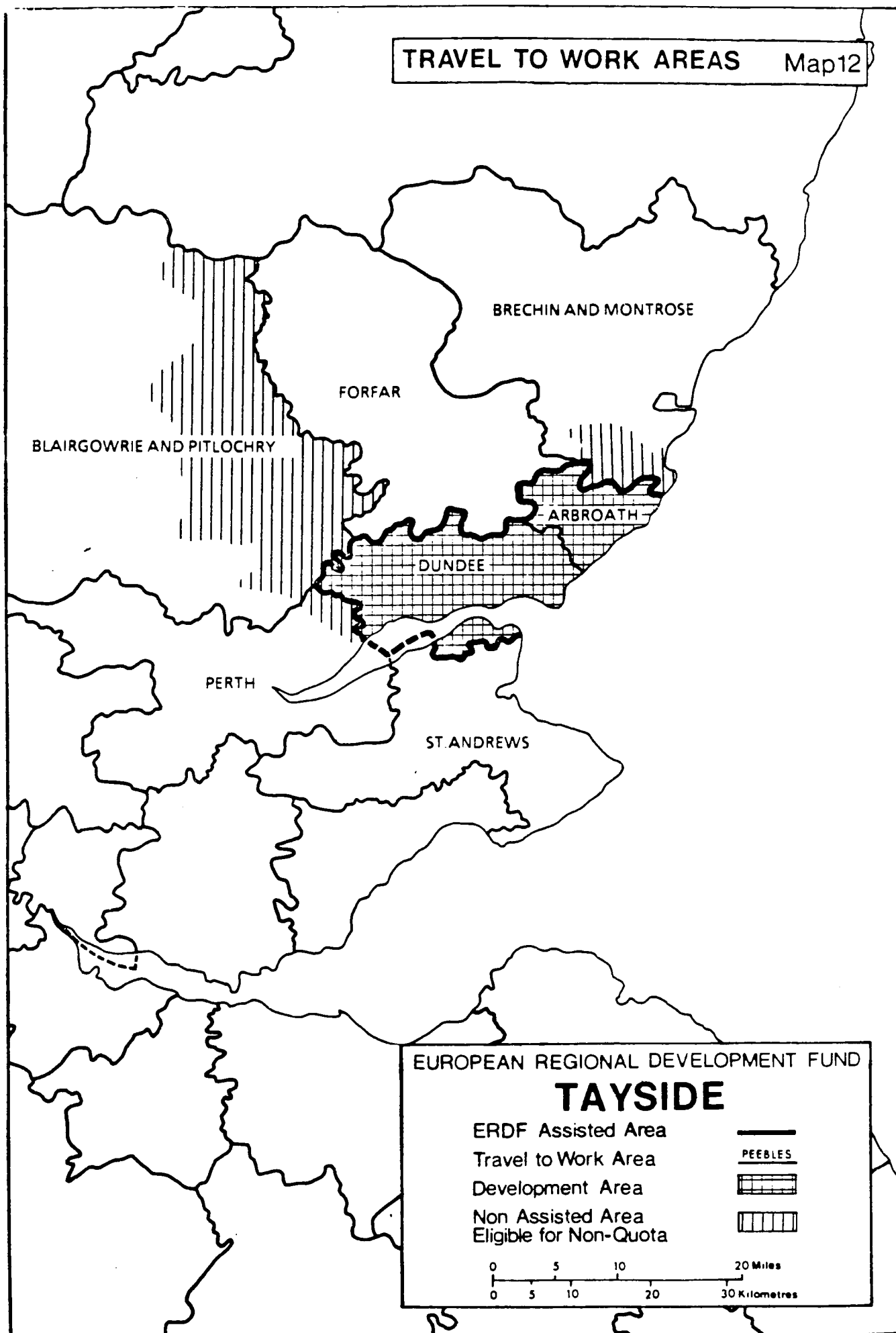
Major Ports



A85

A92





EUROPEAN REGIONAL DEVELOPMENT FUND

TAYSIDE

ERDF Assisted Area

Travel to Work Area

Development Area

Non Assisted Area

Eligible for Non-Quota

PEEBLES

PEEBLES

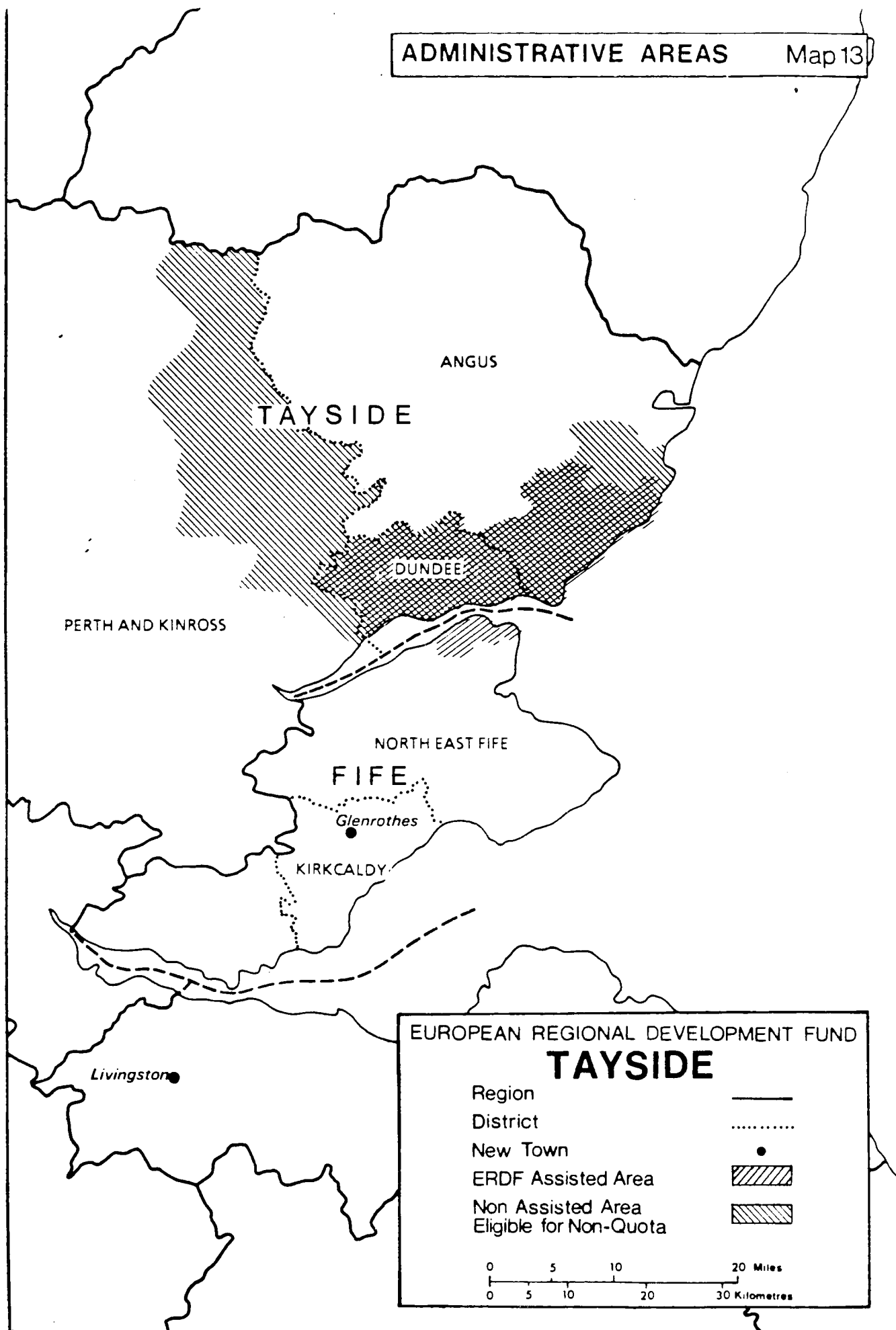
PEEBLES

PEEBLES

PEEBLES

PEEBLES

0 5 10 20 Miles
0 5 10 20 30 Kilometres



- ii. A skilled and adaptable workforce, with a good labour relations record and high productivity.
- iii. An established base of electronics, instrument engineering, computing and medical skills developed through local companies, the Dundee University, and Ninewells Hospital;
- iv. Training and further education establishments producing high quality graduates, particularly technicians, senior technicians, electrical and electronic engineers, and computing personnel;
- v. Capacity to consider new market and opportunities; many companies have shown a willingness to undertake joint venture, licensing or sub-contracting work. Equally, opportunities still exist for Tayside companies to compete in the oil and gas sector;
- vi. Tourism, there are opportunities to expand Tayside's share of the market in holiday and business visitors;
- vii. Improved access, strategic communications are improving steadily, and the area has a good range of road, rail, sea and air transport facilities;
- viii. Healthy small firm sector, there is evidence of considerable vitality in the small firms sector, and hence the opportunity exists to develop the indigenous base of the local economy; and
- ix. Retail sector, there is evidence or considerable interest from developers in the Dundee area.

1.11 Sectoral studies have indicated that development potential exists in several areas, including fishing and fish-processing, food processing, the oil industry, new technologies, and leisure and tourism. Development of indigenous potential in these and other sectors must be encouraged, as must inward investment by companies in growth sectors in high technology and medical research. Development priority will be given to the provision of high amenity sites for such development. There is considerable scope for the development of processing and marketing initiatives in the food industry, with the aim of retaining more added value within the Region.

1.12 Leisure and tourism has considerable growth potential. The Dundee Project is concerned with the potential of the landfall and waterfront areas of Dundee, which could require major infrastructure investment if a developer were to be attracted. Other tourism initiatives are likely to include: upgrading of tourist routes and trails; signposting; improved roadside facilities; development of parks and other tourist sites; assistance to firms in the service sectors related to tourism; and enhancement of environmental quality to support such initiatives.

9C.2. DEVELOPMENT OBJECTIVES

2.1 The main aim is to achieve the provision of an adequate number and range of job opportunities throughout the area. To this end, the main objective is:

- to create jobs and reduce unemployment.

Other economic development objectives are:

- to develop indigenous potential and encourage the development of SMES through ERDF non-quota programme for textiles (Better Business Services and Better Technical Services);

employment. The size distribution of firms also shows a marked dependence on a few large firms - the 8 largest firms in Tayside account for 44% of all manufacturing employment. Few of these firms are locally-controlled. Within Tayside, Dundee has its highest proportion of employment in the engineering sectors and in services. Arbroath also has a high level of engineering employment, and agriculture and fishing remain important. None of these industries are high-growth areas, and so the need to diversify and restructure the economy remains great.

1.5 Unemployment has continued to rise throughout the 1980s. Dundee has a higher than average rate of long-term unemployment across all age groups, reflecting the long period of restructuring undergone by the city's economy, and illustrating the scale of the problem of reorientating the labour force. Arbroath has a higher than average rate of youth unemployment, reflecting the lack of opportunities in the traditional employment sectors of the area.

1.6 Infrastructure problems: one prerequisite to tackling these economic problems is the existence of adequate infrastructure. The 1980 Tayside Structure Plan recognised that "the need to create conditions which are conducive to the retention and expansion of employment in Tayside is of paramount importance". "The ability of the Regional Council to provide the basis for increased job opportunities is constrained in many parts of Tayside by the lack of suitable infrastructure" Since 1980, considerable progress has been made on removing development constraints. Progress has been maintained on improving the trunk road network, and it is anticipated that this will be substantially complete by 1990.

1.7 Other strategic problems remain to be resolved. As regards roads, provision must be made for relieving urban congestion, improving essential communication links, and providing access to industrial sites as they are identified. As regards water services, provision must be made for the development of Dundee, the development of key industrial and commercial sites, and for maintaining rural populations. A number of major sewerage schemes are now undersized and dilapidated, and must be renewed to accommodate further development. Pollution problems in rivers, coastal areas, particularly Dundee and Arbroath, necessitate new outfalls and treatment works. With regard to industrial and commercial sites, it is vital that a range of sites is readily available and serviced both to stimulate and meet demand.

1.8 The continuing development of transportation infrastructure for public transport services will be necessary to encourage economic development. Thus, the further development of rail facilities and services, particularly the electrification of the east coast main line route to Dundee and Arbroath; the further development of the harbours in Tayside; and the improvement of the Airport at Dundee are also important.

PROSPECTS

1.9 Tayside Region as a whole has been losing population in recent years with the urban areas, apart from Dundee, showing increases but the rural areas losses. Dundee has lost population through net outmigration linked partly to the contraction of employment, and partly to the movement of population to the commuter hinterland. Over the next 5 years it is anticipated that the numbers of working age will increase in Angus District, making measures to increase employment opportunities a continuing priority. For Dundee a continuing decline in both population and numbers of working age is forecast unless this can be arrested by job creation and infrastructure provision.

1.10 The area has a number of economic strengths upon which future developments can be founded:

- i. A range of industrial and commercial sites of exceptional industrial and environmental quality, but not yet a full range of sizes and types in all areas;

- to provide the maximum choice of location for development consistent with the optimum use of infrastructure services;
- to ensure that sufficient serviceable land is made available for industrial development;
- to use to the fullest extent possible the advantage the new strategic road system will provide for encouraging new industrial and other developments; and
- to obtain maximum return on invested capital.

2.2 While the supply of land is generally adequate, there is a shortage of large sites and of high amenity sites, in the profile area. Priority, therefore, is to be given to securing the availability of large industrial sites and high amenity sites for high technology industries and major office users for early development.

2.3 Within the profile area, priority will be given to those areas with high concentrations of problems, but also of opportunities, ie, Dundee and Arbroath. In particular, priority will be given to:

- The Project areas;
- Enterprise Zone sites;
- large industrial and office sites; and
- the inner city of Dundee.

2.4 The mechanism for delivering the ERDF contribution towards the action proposed for Tayside will be through a National Programme of Community Interest. The NPCI has been drawn up for the period to 1990 and covers public sector investment of £45.6 million (first three years only). The objectives and priorities for Tayside in this period are more adequately covered within the NPCI text.

9C.3. DEVELOPMENT MEASURES

General

3.1 A wide variety of measures are being developed to realise the potential of the area and will be financed through a National Programme of Community Interest. The NPCI will largely be based on the objectives and targets set for the 2 area initiatives operating in the area - the Dundee and Arbroath Projects.

Area initiatives

3.2 A major element of the development strategy for Tayside comprises the integrated area initiatives whereby the combined resources of the Regional and District Councils and the Scottish Development Agency are being brought to bear on particular areas.

The Blackness Area Project

3.2.1 The Blackness Project was established in 1981 and was the first inner city joint initiative of its kind in Scotland. It aimed to revitalise a decaying inner city industrial area of Dundee, helping to realise the potential evident in the area for the development of small firms. Between 1981 and 1984 some £10 million of public investment was made in infrastructure, sites and property, and business development. The target was to create or safeguard up to 700 jobs, and this was met over the first 3 years of the project. The project's activities are now co-ordinated with those of the wider Dundee Project of which it was the forerunner.

The Dundee Project

3.2.2 The Dundee Project was launched in November 1982 to integrate and co-ordinate the activities of the SDA, the Regional and District Councils in Dundee. The Project is designated to overcome a number of constraints and to initiate a new development momentum in the city based upon technology industries, and aligned to the training, infrastructure, skills and physical attributes of Dundee. A strong marketing and promotional programme is an integral part of the initiative.

3.2.3 The project has 3 major objectives:

- to promote Dundee as a business location;
- to develop Dundee's business potential by making it a leading Scottish location for high technology industry;
- to contribute to the attractiveness of Scotland as a location for high technology industries.

3.2.4 The target for the first 3 years of the project is to create 1,200 jobs. The project aims to establish the momentum which will lead to the creation of a further 3,500 jobs in the following 5 year period (ie by 1990). The 3 public authorities involved have committed some £24 million to the Project for infrastructure and business development measures in the first 3 years, in the hope of attracting up to £16 million private investment. In fact, with present commitments private sector investment is now expected to reach £31 million by mid 1986. The investments ranging from hotel development to self build factories.

3.2.5 The leading promotional feature of the initiative is the development of a high amenity park to accommodate high technology companies. The total cost to the public sector of this scheme is £11.2 million. Nine tenants have so far been attracted. Others are in prospect. A further £1.5 million public expenditure has resulted from direct project activity for training purposes; for instance 'Workstart' which has generated £445,000 of ESF funding.

3.2.6 By 1985, 730 jobs had been created in schemes with direct project involvement, expected to reach 1209 by mid-1986. It is impossible to assess the impact of project activities in stimulating independent decisions by businessmen throughout the City, though a further 375 jobs in one particular company were known to have resulted indirectly in 1985 from project activities.

3.2.7 Capital investment in the project over the next 5 years is planned to include:-

- further development of the Technology Park;
- development of the Central Waterfront as the focus for a major commercial and tourism development for Dundee;
- development within the Port area for offshore engineering facilities; and
- industrial site development, factory building and environmental improvement in the inner city.

The Arbroath Project

3.2.8 The Arbroath Project is similar to the Blackness Project, though clearly related to the traditional employers of Arbroath. It is proposed to invest £1.8 million of public money in infrastructure and property, with the intention of creating 500 new jobs and safeguarding

400. A particular feature is the establishment of the Arbroath Venture Trust to carry out the business development aspects of the Project.

Blairgowrie

3.2.9 The Blairgowrie area of Tayside was recently the subject of an economic study which was supported by a grant from the ERDF. The study revealed that in Blairgowrie an encouraging number of development possibilities exist. Most of these will require special attention for them to be realised and the support under the ERDF Non Quota Textiles Programme 1984-89 will be helpful.

3.2.10 The success or otherwise of these initiatives will depend on the provision of (a) an adequate supply of serviced industrial land and premises, (b) improved roads and water services, (c) business support measures for the development of indigenous potential, (d) labour market development by the provision of vocational training centres, (e) improved communications between Tayside and the rest of Scotland. Since becoming a non-assisted area in 1984 the Blairgowrie will only qualify for ERDF non-quota assistance in the period to 1989.

3.3 Industrial site servicing

3.3.1 The provision of land and premises of an adequate standard, size and location is a critical factor in the successful industrial promotion of Tayside both to attract new investment and to exploit the growth potential of indigenous firms. New firms involved in electronics and other high technology products require prestigious sites which are high amenity, pollution free and low density. The 48ha Dundee Technology Park will act as a catalyst for the development of high technology industries in Tayside.

3.3.2 The creation of Enterprise Zones is another strand in the Government's industrial development strategy. The Tayside Enterprise Zone designated on 9 January 1984 comprises one area of land extending to approximately 35ha in Arbroath and six separate areas of land extending to a total of 85ha in Dundee. The Arbroath Zone is a new greenfield industrial estate situated on the fringe of the town, while the Dundee sites provide a contrasting range of development opportunities including commercial development close to the city centre, port/oil related activity within the Port of Dundee, airport related activity at a site adjoining Dundee Airport and technology development at a high amenity greenfield site. The remaining 2 Dundee sites are of the traditional industrial estate type, one prior to 1984 was a greenfield site.

3.3.3 The City of Dundee District Council has already played a major role in providing new industrial estates at Gourdie, Dryburgh, Baldovie, West Pitkerro and the Airport, making more than 160 ha of land available for development and also the development of small units. The Council intends to continue its involvement in the industrial sector by attempting to satisfy the following main objectives:-

- to ensure that sufficient land, buildings and yards are available and serviced to meet the needs of potential industrial and commercial development; and
- to improve the function and appearance of older industrial areas by building on the success of the Blackness Business Development Area.

3.3.4 These objectives will be met by a strategy concentrating on 4 main areas of activity:-

- servicing appropriate sites for industrial development;
- the construction of new industrial units and yards on existing estates and appropriate sites;

- the continuation of the existing loans and grants scheme in Blackness Business Development Areas and its extension to cover other parts of the inner-city area as part of a joint initiative with Tayside Regional Council and the Scottish Development Agency under the Dundee Project; and
- with the SDA and MSC carrying out a programme of environmental improvements and city centre enhancements geared to improving Dundee's image.

3.3.5 Angus District Council intend to proceed with a further programme of road construction works at Kirkton Industrial Estate which is situated within the Enterprise Zone. Most of the land to the west of the existing access road is now taken up and it is necessary to facilitate development of the land on the east side of the road by the provision of a new roadway. This will permit the allocation of small and medium sites of between 0.4 and 1.2 ha to firms presently interested in developing at this location.

3.3.6 Industrial development in Tayside is also assisted through the ERDF non-quota textiles measure. This aids the provision of workshop space through the conversion of buildings and the development of "software" services - including Better Business Services and Better Technical Services to help small businesses to grow and to realise their full potential. Over the next few years, Tayside Regional Council hope to expand upon the Better Business Services and Better Technical Services and offer additional complementary services to small firms in line with article 15 of Regulation 1787/84.

3.3.7 Tayside Regional Council, in conjunction with other bodies such as MSC, SDA and the European Community, is very active in developing training and further education initiatives, in particular using the opportunities for distance learning created by new technologies, and also developing skills related to new technologies. Vocational training centres will play an important role in ensuring that the skills required by industry in the area are available. Details of projects in the period to 1990 are given in the National Programme of Community Interest for Tayside.

3.4 Leisure and tourism

3.4.1 Tayside has suffered from major structural changes in employment patterns in recent years and, in accord with each authority's overall objective of generating additional employment, they are concerned to promote and develop those aspects of the economy which hold out good prospects for future employment. There are prospects of considerable job opportunities in the field of tourism and recreation, particularly in the attraction of visitors to urban areas which can provide major amenities and facilities and act as centres for touring in the surrounding countryside. Tayside has developed an integrated package of major projects to sustain and develop tourism as an industry and employer. The City of Dundee District Council is the tourism authority in its area and an Area Tourist Board was founded in 1984. The Dundee area has already benefited from a new Theatre, refurbished Museum and Art Gallery, new wet weather centre, floodlit all weather outdoor centre, athletics centre, additional golf course, ice rink extension, accompanying road, rail and air access improvements and the development of visitor country parks in surrounding areas. The private sector is expanding the accommodation capacity and investment will shortly be made in the stabilisation of beach areas against erosion, a major wet weather centre to service the popular beach area and further developments at the country parks. Similar weather independent centres at Blairgowrie and Arbroath have previously been supported by ERDF and have proved to be valuable assets in terms of extending the range of facilities on offer to tourists.

3.4.2 The Angus Tourist Board came into operation on 1 April 1985. The Board, which is based in Arbroath, is a major new tourist initiative. Under the Arbroath Project the District Council will undertake provision of interpretive facilities and signposting within Arbroath. This will entail the establishment of a 'town trail' which will highlight historical and topical

points of interest to tourists and will compliment the environmental improvements to be undertaken by the Scottish Development Agency.

3.5 Communications

3.5.1 Roads

Tayside Regional Council, as local highway authority, is responsible for the local road network within Tayside Region. The Council's main objectives can be summarised in the following order of priority:-

- i. the maintenance of the existing network and ensuring that essential links are available;
- ii. the construction of new and improved access roads essential for industrial and commercial development;
- iii. the removal of congestion and delay by means of major or minor improvements or traffic management; and
- iv. reduction of the pedestrian and vehicle accident rate by physical improvements to the road network.

The development policy over the 1986-90 period will encompass those projects essential to the progression of the local area initiatives, to relieve traffic congestion in Dundee and to link the profile area with the trunk road network. As far as trunk roads are concerned, the improvement of the Kingsway (Dundee) linking the A85 trunk road and the A929 will be completed in 1986. The priority will then be to complete the improvement of the A929 from the Kingsway north to the A94 trunk road. Details of all road projects in the period to 1990 are contained in the National Programme of Community Interest for Tayside.

3.5.2 Rail

The prime objective for the programme period is to continue track and signalling modernisation works (awarded an ERDF grant in 1983) in the Dundee area. These are necessary to improve the efficiency and reliability of rail communications, especially over the frequently fog-bound Tay Bridge, to benefit freight, parcels and passenger traffic and to encourage commercial and industrial growth. Details of projects planned for the period to 1990 are given in the National Programme of Community Interest for Tayside.

3.5.3 Ports/harbours

The process of redeveloping the former Robb Caledon Shipyard at Dundee Harbour will continue, with part of the yard being developed as a module construction facility for the offshore industry. Facilities at the port will be expanded or improved to meet the demands of trade. It is expected that a new marine terminal costing £1m will be commenced in 1986.

3.6 Energy

The electricity requirements of the Tayside profile area are met by the North of Scotland Hydro-Electric Board whose plans and priorities for its whole area are described in sections 9A.3.15. The main action will be to reinforce electricity supplies to cater for new industrial developments linked to the Dundee and Arbroath Projects.

3.7 Water

One of the main aims of the Regional Council's programme for water services is the promotion of industrial development. Many parts of the profile area are characterised by

inadequate water and drainage facilities which form a serious constraint to economic growth. Substantial progress has been made in recent years in implementing the Council's water services strategy with assistance from ERDF. Particular emphasis in the next few years will be placed on investment in the Dighty Valley catchment area of Dundee to service the main areas of expansion in Dundee, alongside the further development of water resources in Tayside. Development to the west of the City of Dundee is also of significance, with an increasing interest being shown by industry in establishing manufacturing bases resulting in a requirement for further investment in the Invergowrie Sewer Outfall and Kingsway West Sewer. Details of projects which may be undertaken in the period to 1990 are given in the National Programme of Community Interest for Tayside.

3.8 Environmental

Environmental improvements are likely to be undertaken with assistance from the ERDF non-quota measure for textiles which operates in the Tayside area until 1989.

9C.4. INVOLVEMENT OF OTHER SOURCES OF EC ASSISTANCE

4.1 EC financial instruments have been significant in promoting Tayside Regional Council's development objectives. In addition to the main and non-quota elements of the ERDF, use has been made of the European Social Fund and the European Investment Bank. The EAGGF is also an important instrument in improving local economic performance. The food processing industry is important to Tayside and assistance available under Regulation 355/77 will be valuable in supporting further investment. Part of the area is agriculturally less-favoured (see MAP 14).

4.2 European Social Fund

Fourteen applications from Tayside Region have been approved. Seven of these relate to successive phases of the Employment Recruitment scheme, a wage subsidy scheme paying 30% of the wage costs of new permanent employees for 6 months. Some £530,000 has been awarded to this scheme, which has created or aims to create 1,350 permanent new jobs by 1985. The other 7 projects relate to training of various forms - distance learning, vocational training, and remedial training. Some £550,000 has been awarded to these schemes, which aim to train up to 2,100 people in new skills. Proposals for ESF assistance in 1986/87 total £1.65 million. Projects will again follow the categories above, but with an increasing emphasis on the use of new technologies and new teaching media such as computers, radio, TV, etc. The objective remains to adapt the labour force to the requirements of the growth industries.

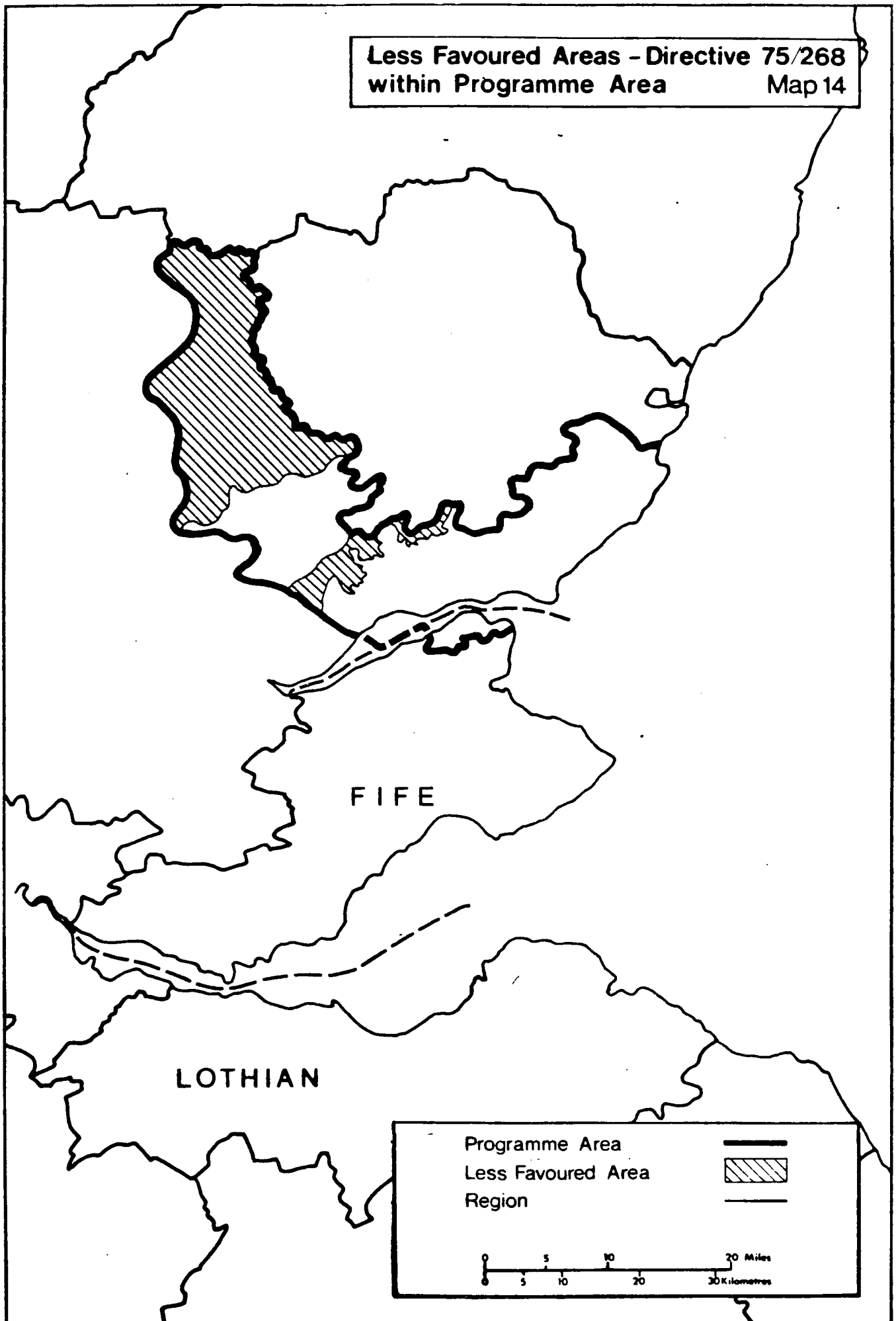
4.3 European Investment Bank

In 1980, Tayside Regional Council obtained a loan of £5 million from the EIB to help fund an investment of £17.5 million in various infrastructure projects. This loan was extended by a further £3.5 million in 1982 in order to continue with these projects. Tayside Regional Council is preparing a loan application to cover a number of projects that are either under construction or proposed, these being:

Lintrathen Water Treatment Works
Dundee Dighty Sewer Phases 3 and 4
Kingsway Sewer Phase 3

It is likely that other projects will be added to this list. EIB finance is also important to the private sector. A major hotel developer is applying for EIB assistance in the development of a new hotel on the Landfall Enterprise Zone adjacent to the Leisure Centre on Dundee's Waterfront.

**Less Favoured Areas - Directive 75/268
within Programme Area** Map 14



SECTION 9D

EAST CENTRAL PROFILE (SEE MAP 15)

9D.1. SOCIAL AND ECONOMIC ANALYSIS

1.1 The profile area comprises the Kirkcaldy and Dunfermline TTWAs in Fife Region, the Alloa and Falkirk TTWAs largely in Central Region, and the Bathgate TTWA in Lothian Region (see MAP 16). West Lothian is a development area while the other 2 areas attract intermediate area status. The local authority boundaries are shown on MAP 17. The area is largely urbanised with an industrial structure heavily weighted towards manufacturing, which provided 37% of employment in 1981. The area contains two New Towns, Livingston and Glenrothes, which have been a focus for inward investment. Other areas have been less fortunate and have suffered a loss of jobs in manufacturing in recent years. Mining has declined in importance but the legacy of the industry in terms of spoil and subsidence persists and acts as a constraint on development. During the currency of this RDP, application for ERDF assistance will be submitted for individual projects in line with the overall objectives and priorities stated in this profile. In addition, it is expected that a National Programme of Community Interest will be promoted for the Bathgate TTWA. Consideration will also be given to NPCIs for other areas. For the purposes of analysis the area can be sub-divided into three:

- Central
- Fife
- Lothian

CENTRAL

9D.1.2 PROBLEMS

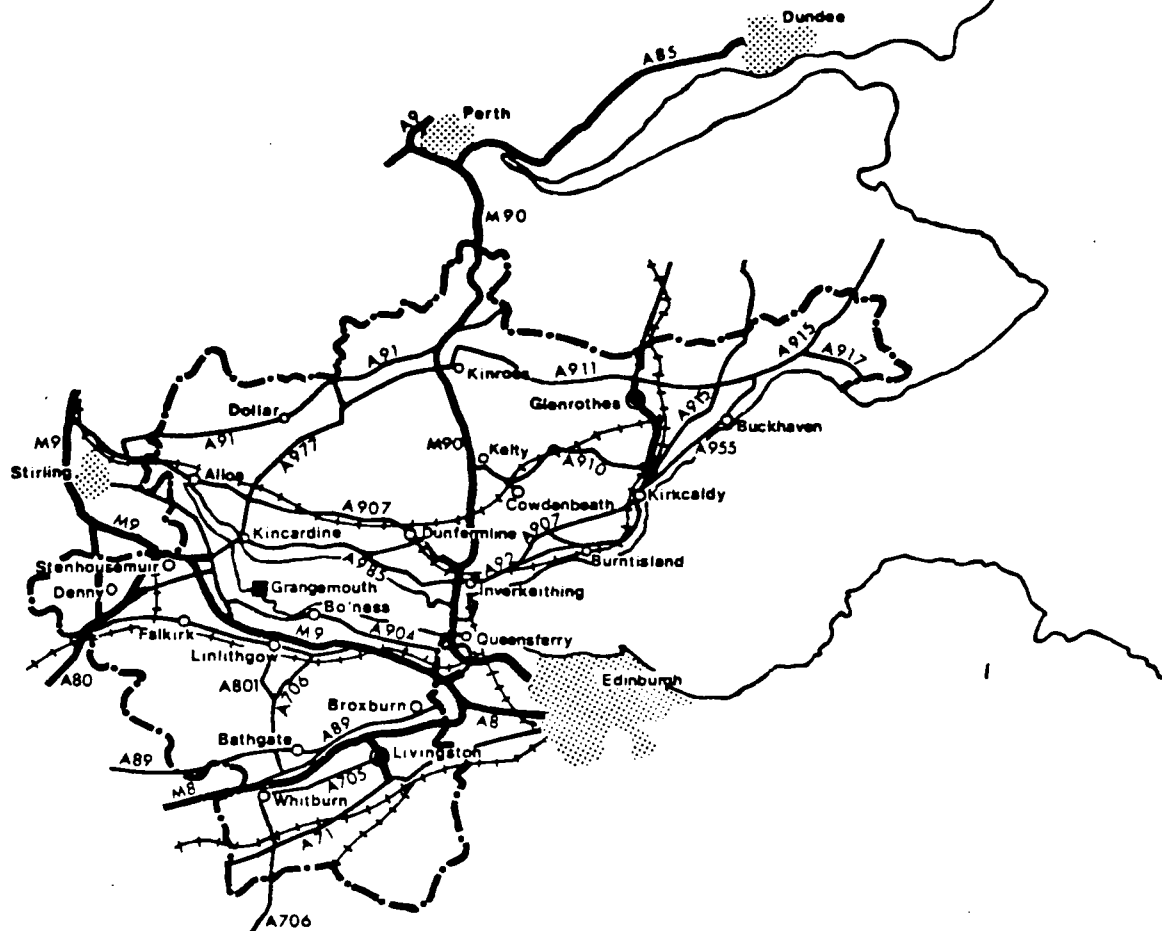
- Economic

1.2.1 Unemployment: In January 1985, the rate of unemployment is significantly higher in both Alloa and Falkirk TTWAs at 20.4% and 19.3% respectively than for Scotland as a whole.

1.2.2 Job losses: The upturn in the economy after 1981 has not prevented severe job losses continuing to occur. Between 1982 and 1984, 5,000 redundancies were made in Falkirk and 1,576 in Clackmannan. In 1981, there were around 13,000 people employed in Clackmannan and 49,000 in Falkirk. Consequently, 12% of the workforce in Clackmannan and 10% in Falkirk have been made redundant between 1982 and 1984. Manufacturing industries have suffered disproportionately in this contraction of employment, accounting for 80% of all redundancies since 1982. While increases in employment, primarily part-time jobs in the service sector, have compensated in some way, this expansion has been insufficient to make inroads into the unemployment problem in Falkirk and Clackmannan Districts.

1.2.3 Concentration in manufacturing: In the area as a whole, almost 800,000 people are employed in manufacturing, representing 37% of all those in employment. This compares with 25% for Scotland as a whole. Given this concentration in manufacturing, restructuring of these local economies is vital if the continuing decline in manufacturing is not to have disastrous effects on the area. In Clackmannan District, the industrial base is very narrow depending on 3 sectors - textiles, drink and engineering - all of which have been in decline for some years and continue to be vulnerable. Falkirk District, while having a broader manufacturing base, has a concentration in declining industry - primarily foundries, and heavy engineering.

Map 15



EUROPEAN REGIONAL DEVELOPMENT FUND

EAST CENTRAL

Profile Area

New Towns

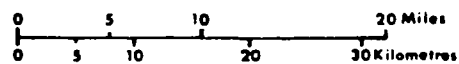
Towns Over 10,000 & Others

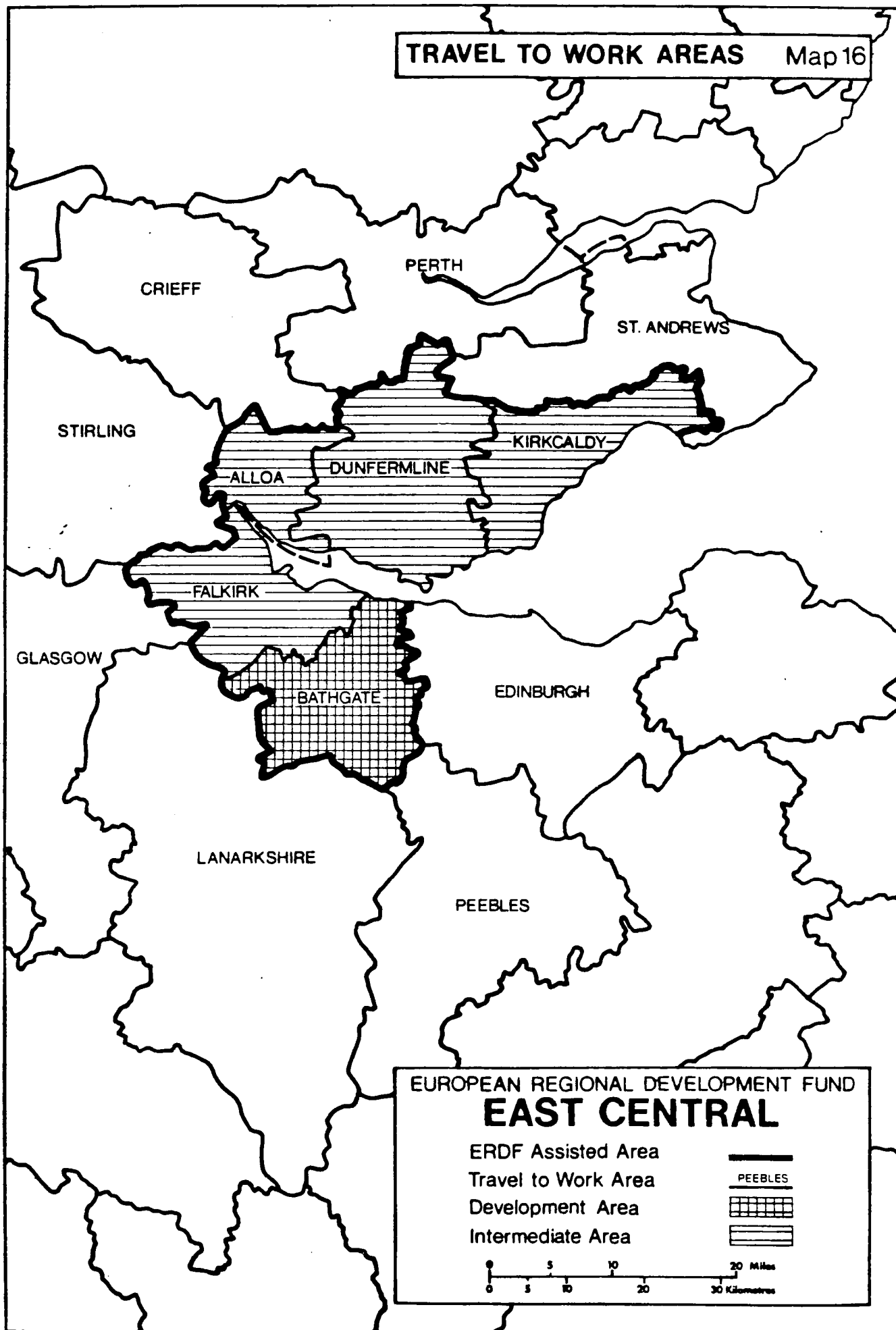
Motorways / Dual Carriageways

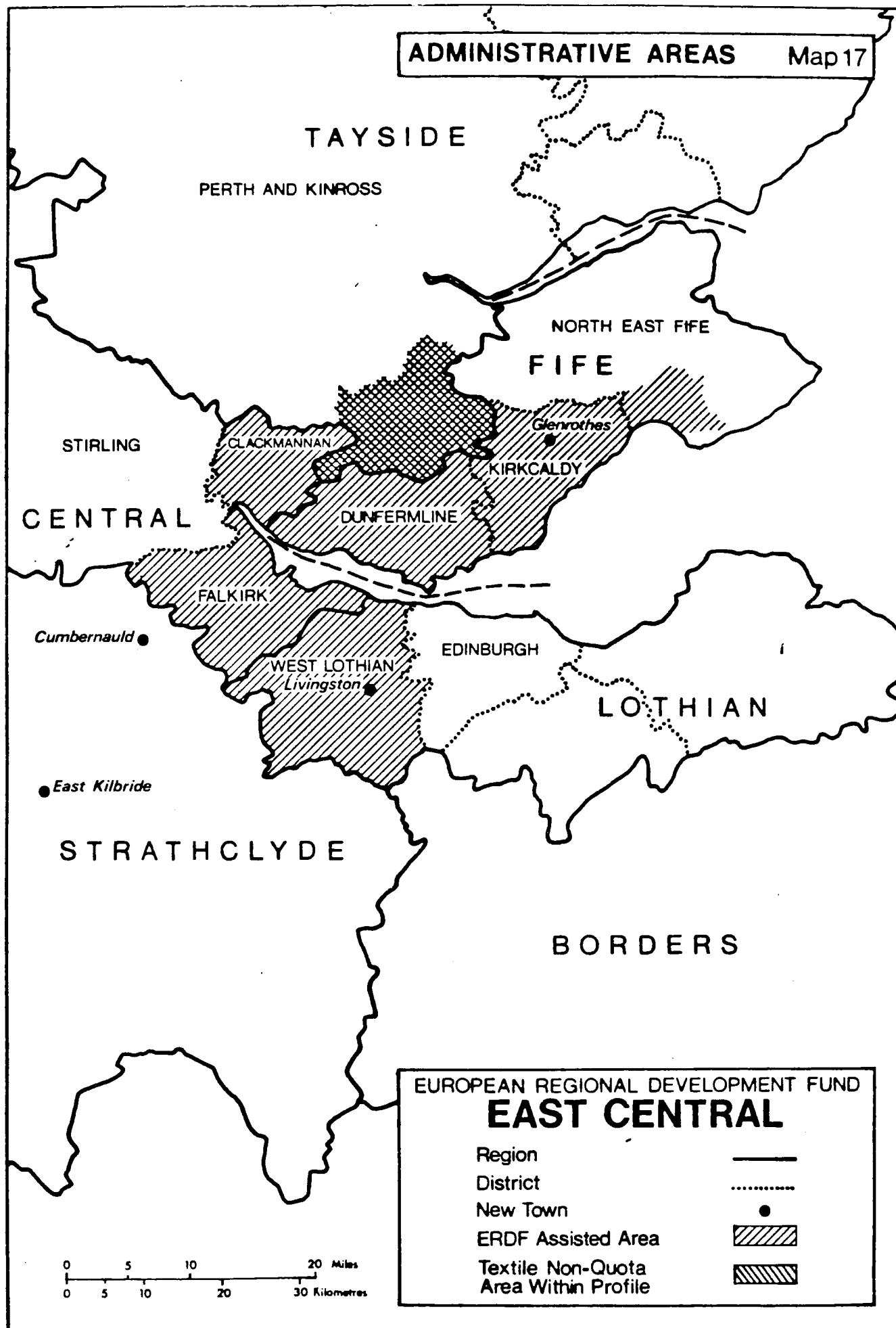
Other Main Roads

Main Railways

Major Ports







to a large consumer and producer market. The oil and chemical complex at Grangemouth is the main industrial foundation of Falkirk's economy employing some 5,000 people or 33% of all manufacturing employment, despite recent concern over redundancies. In addition, the Scottish Development Agency has been given planning permission for the location of high technology industry on a site at Glenbervie, near Falkirk. Good educational and training facilities in colleges of technology from which new courses can be developed.

- Clackmannan District has fewer strengths than Falkirk having no representation in growth industries. Nevertheless, there are advantages and opportunities in the area. Extensive private residential development has taken place and resulted in the maintenance of a balanced population. The motorway network also provides good access between Clackmannan and Central Scotland. The road system is currently being improved with the assistance of the ERDF support in the form of the Eastern Distributor Road, Stirling. The existence of a skilled labour pool and training facilities means it can compete in location terms with many other areas of Scotland.

1.3.5 There are a number of positive opportunities which could be developed. For example chemicals at Grangemouth may offer scope for expansion. In an attempt to diversify economic structure, a number of sites have been identified for high technology industry, in particular at Springfield, Linlithgow and at Glenbervie. In addition, Clackmannan is well represented in biotechnology through the presence of research units of the Distillers Company Ltd.

1.3.6 The development of indigenous potential through the promotion of small and medium sized enterprises presents a number of opportunities which are being actively explored. Small new business formation has been increasing in recent years and this has produced a buoyant demand for small industrial premises. This demand is reflected in the building programmes of Falkirk District Council, Central Regional Council and the Scottish Development Agency.

1.3.7 There are opportunities for tourist development in all areas given their proximity to the main tourist route in Scotland. Around 650,000 tourists visited Central Region last year. Clackmannan is set in very attractive countryside with considerable potential for outdoor activities and is easily accessible from Stirling. Falkirk has a rich industrial heritage and is developing a range of associated tourist facilities. The most recent of which was the Mariner Centre supported by ERDF finance. Developments are currently taking place at Bo'ness, through the establishment of the Bo'ness Heritage Trust. A significant aspect of the tourist strategy for Falkirk is its potential to attract day trippers from Glasgow to Edinburgh.

FIFE

9D.1.4 PROBLEMS

- Economic

1.4.1 Unemployment. The area has above average unemployment. In January 1986, the unemployment rate for the Kirkcaldy TTWA was 18.8% and for the Dunfermline TTWA was 16.7%. These compared with a Scottish average for the same month.

1.4.2 Above average primary sector. 7.9% of the workforce is involved in the primary sector (5.8% in mining) compared with a national figure of 3.8%. This primary sector is also subject to considerable contraction.

1.4.3 Below average service sector. 45.1% of the workforce is involved in the service sector compared with a national figure of 63.3%. This figure is extremely low due to the proximity of Edinburgh and Perth.

- **Infrastructure**

1.2.4 Central Regional Council with the support of the European Regional Development Fund has developed good infrastructure networks for roads, water and drainage. Much still requires to be done to relieve the difficulties which arise through more local deficiencies.

Roads

1.2.5 Central Regional Council in conjunction with the Scottish Development Department constructed the Central Scotland Link Motorways which give direct access to the national motorway system and excellent accessibility to the rest of the country. There still remain problems of congestion and environmental intrusion on the roads leading to the motorways and poor access to West Lothian in the south-east. The Regional Council's current 5 year programme seeks to address these problems and thereby improve accessibility for industry.

Water

1.2.6 Essential work is planned in the Bo'ness, Brightons and Carronshore areas while improved or new local storage facilities are required in Alloa, Dunipace and Clackmannan. Improved network analysis facilities are envisaged to improve the management of resources.

Drainage

1.2.7 Sewage treatment facilities in most of the major centres of population are sufficient to cope with increased load from future developments. The major exception is the west part of Grangemouth. A project is planned which will provide treatment of the existing drainage with capacity to deal with the discharge from any large water using development on West Mains Industrial Estate. The existing sewage treatment works in Falkirk has adequate capacity but will require the renewal of the electrical and mechanical equipment. In addition, the sewer system leading to the works requires considerable improvement to deal with the flows from any development at Glenbervie. There is a continuing programme of works intended to improve the standard of effluent discharged to the river. This work also allows increased load from future developments to meet the requirements of the River Purification Board. Projects have been identified at Bo'ness, Blackness and Alloa as well as smaller improvement works at a number of other treatment works.

9D.1.3 PROSPECTS

1.3.1 While the population of Clackmannan and Falkirk Districts are forecast to decline slightly between 1985 and 1989, this decline is insignificant being less than 1% of the current population. While there are currently no up-to-date projections of activity rates available for local areas, there is little reason to suppose they diverge from national projections which show decreasing rates for both men and women.

1.3.2 The decline being experienced in manufacturing seems likely to continue. Even those industries which are doing comparatively well are losing jobs because of investment in labour-saving technology. Over the next few years expansion in the manufacturing sector will primarily depend upon the ability to attract new industries.

1.3.3 There are prospects for additional employment in the service sector. There would seem to be little chance of the extensive expansion required to alleviate the impact of the decline in manufacturing.

1.3.4 The economic strengths of Clackmannan and Falkirk Districts are:

- Falkirk has a good communications system based on the existing motorway network, the port at Grangemouth and its central location within Scotland. This provides good access

1.4.4 Concentration of activity. Economic activity is centred on Glenrothes, Dunfermline and Kirkcaldy and within an 8km radius of the Forth Road Bridge. The future of the area is dependant on manufacturing industry. This is typified on the one hand by a highly competitive but volatile electronics sector and on the other by traditional mechanical/paper manufacturing companies with restricted expansion prospects. Development of the service sector will be important in widening the area's employment base.

1.4.5 Coal mining dereliction and pollution. The decline of the former deep mining areas has left an old and unsatisfactory living environment in numerous locations.

1.4.6 Dependancy on large employers. The economy of the Dunfermline TTWA is to a considerable degree dependent on the viability of the Marconi organisation at Dalgety Bay and the continued presence of the Royal Naval Dockyard at Rosyth. Also, there is a dependance in the Levenmouth area on a limited number of companies for employment opportunities eg RGC, NCB, DCL.

- **Infrastructure**

1.4.7 Industrial dereliction. Due to the decline of the coal mining industry large areas require industrial regeneration.

1.4.8 Environmental improvements. Since the coal industry materially influenced the settlement pattern of the area its decline has left an old and unsatisfactory living environment and has left scars on the land eg hills of waste material, polluted water courses.

1.4.9 Inadequate transport network. It is Fife Regional Council's policy to give priority to the development of the strategic road network (intra-area road network) and to improve the supporting road network. There is a need for an improved road link to the west and north to complement the East Fife Regional Road. The development of a western corridor to the M90 via a bypass of Kinglassie to link with an improved road through Westfield and the improved B9097 to the M90 would achieve this. Further, improvements to the supporting road network could be made by improving the B922 from Kinglassie to Chapel (B921/A910) to link in with Phase III of the East Fife Regional Road.

1.4.10 Inadequate intra-area road network. While the North/South corridor is provided by the M90, lateral routes are inadequate. The construction of the East Fife Regional Road will help to improve accessibility by road though areas such as Levenmouth and Methil will still face locational disadvantages.

1.4.11 Shortage of prime employment sites for new development. There is a need to increase the range of employment land available to add to the attractiveness of Glenrothes to potential investors. A feasibility study is about to commence which will be aimed at identifying new sites which might be developed in the Dunfermline area.

9D.1.5 PROSPECTS

1.5.1 Population and labour supply changes (1983-1990): The population is estimated to increase by about 3,500 by 1990. On current projection, the New Town of Glenrothes may be expected to grow by 1,880 during the period. In terms of labour supply this increase is reflected in an increase in the main employment age groups. Current indications are that there is a need for 1,130 more jobs in Glenrothes and 2,500 in Dunfermline. For both Kirkcaldy and Dunfermline TTWAs, Fife Regional Council have a 1984-based target of 7,000 additional jobs by 1989 and 7,500 by 1996 in order to bring unemployment levels down to 1981 position.

1.5.2 The main economic strengths are:

- diversity of manufacturing employment;
- a core of modern high investment companies;
- significant electronic companies have given Fife an international reputation;
- the existence of a New Town as a planned employment growth point;
- relatively low costs - land, labour;
- the existence of the Royal Naval base at Rosyth and manufacturers involved in defence contracts;
- existence of a strong tertiary education sector;
- a pool of available labour and a good industrial relations reputation; and
- recent retail development interest in Kirkcaldy and Glenrothes, close to East Fife Regional Road

1.5.3 The opportunities for development are seen as:

- i. The development of indigenous potential: There is scope for the expansion of existing large companies in electronics and new technology. Service sector development related to banking and other financial services could be developed. With the increase in distributed computer links and the closeness of Edinburgh there is considerable potential for development in these sectors.
- ii. Tourist Sector: There is increasing awareness of the tourist and daytrip potential of the area related to its history, industrial archaeology and water based recreation resources. Glenrothes is suitably placed to accommodate the short stay activity market related to sport.
- iii. Electronics industry: With a significant base, there is potential for "new technology" related companies being set up as a result of spin-off from more established organisations.
- iv. Rig Inspection Maintenance and Fabrication: Given the facilities and skills there may be some development potential.
- v. Petrochemical Development: With both the Shell NGL Plant and Esso's Ethylene plant now commissioned, the basic feedstock is available for "downstream developments".
- vi. Avionics Park: Commercial opportunities exist for aircraft related activities at the Fife Airport, Glenrothes.
- vii. Levenmouth: A major initiative is the proposed Levenmouth project in which investment opportunities are seen as being the setting up of a business development centre, tourist development and promotion.
- viii. Glenrothes: Major investment is likely to be related to the final development stage of the New Town's central area. This will involve retail, social and recreational facilities with the associated infrastructure improvements to the road network and parking facilities. The Development Corporation has been considering methods of increasing Glenrothes' attractiveness to developers. The creation of an Innovation Centre which would provide a multi-disciplinary multi-technology facility to bridge the gap between research and commercial development would be an important element in the new town's continuing grant role.
- ix. Dunfermline: The decision of the Bank of Scotland Visa Centre to locate in Dunfermline has focussed attention on the area as a location for major developments. This has resulted in the earlier than planned completion of the

Pitreavie Business Park and will require a new industrial estate to be developed in Dunfermline within the next 5 years.

LOTHIAN

9D.1.6 PROBLEMS

- Geographic

1.6.1 Much of the assisted area is situated in elevated moorland or on land of low agricultural quality, scarred by industrial dereliction and with a rigorous climate. The historic settlement pattern is fragmented with small dispersed communities having grown up associated with mineral extraction but the emergence of the new town of Livingston is providing more coherence. Local communication is difficult, notably between Bathgate and Livingston and between the small communities of Breich, Stoneyburn, Blackburn and Whitburn and the larger settlements of Falkirk and Bo'ness (in Central Region) close to the Forth. However, east-west communications are generally good, including, access to Edinburgh and Glasgow on the M8 motorway.

- Economic

1.6.2 Unemployment and job losses: The unemployment figure for the Bathgate TTWA stands at 22.7%. (January 1986). This high level of unemployment is conditioned by the severe male unemployment level in the area of 26.7%. There is also considerable long term unemployment; 50% of the unemployed males have been out of work for more than a year, and 45% for over two years. The unskilled and semi-skilled in the older age groups form the majority of the recently redundant, a group which finds re-employment difficult in the depressed local economy. The area also exhibits a high proportion of young people, and 40% of people under 25 years of age are unemployed.

1.6.3 The scale of job losses in the area in recent years is considerable. Employment in the Bathgate TTWA declined by 6% in the period 1978-81, compared with 3.7% in Scotland as a whole. Job growth of around 2,000 in Livingston in this period masked the much more severe losses in Bathgate itself where employment fell by 3,000 (15%). These local losses have intensified with the closure of Plessey Components, and the run down of Leyland Vehicles which is to close in June 1986 with the loss of all remaining jobs. Redundancies continue at a high level; the TTWA contained 2.2% of Scottish employment in 1981, but featured 3.7% of notified redundancies in 1982 and 1983.

1.6.4 Concentration of economic activity: The local economy has been heavily dependant on a few large employers in particular industrial sectors, notably mining and vehicle manufacturing (Bathgate). Four concerns provided 85% of all manufacturing employment in 1981. The area has been over-dependant on manufacturing industry, which before the recent industrial reverses, provided 38% of local employment compared with 25% in Scotland as a whole. There is a shortage of small firms and businesses to foster future economic growth. There is also a related lack of economic infrastructure in the form of financial and business support and training opportunities for new enterprises.

- Infrastructure

1.6.5 The area exhibits modern facilities supporting Livingston and other centres and reasonably good connections to the national road system, notably via the M8 motorway link to Glasgow, the A74 and M6. There are local service deficiencies, poor communication links in certain areas, and sub-standard public transport services. Longer term expansion of some services is required if additional growth is to be accommodated. In particular, there is a need to replace water storage tanks in smaller communities where further growth is anticipated, and to improve the supply position to the eastern side of the area in the longer term. In the short term, road and public transport links require upgrading

to exploit the area's central location, to improve access to employment opportunities outside West Lothian District, and to enhance links between Bathgate and Livingston. Large scale development in Bathgate is likely to require further drainage investment, access roads. Local distributor roads are needed for further growth in Broxburn with longer term improvement to water supply services. A steady input of industrial/commercial infrastructure is required in Livingston to match the growth of around 1,000 jobs per annum.

9D.1.7 PROSPECTS

1.7.1 Population and labour supply: The outlook is one of significant growth. In the next five years West Lothian's population of work age is expected to increase by over 6,000, or nearly 7%; the period since 1981 has already seen an estimated 5% increase, or over 4,000 recent additions to the working age groups. The majority of this growth is concentrated in Livingston, and smaller surrounding towns. The New Town continues to be an attraction to migrants to the area, and net migration gain to West Lothian is expected to be around 250 persons per annum up to the end of the decade. The total population will also continue to expand as a result of both migration and natural increase, to about 148,500 or 4% increase over the 1985-90 period. If local employment levels are not increased, more severe local unemployment can be anticipated. Though demographic change also offers opportunities, in the form of an increasing local market for goods and services, and an expanding pool of labour. There is therefore, a pressing need to create further jobs both to offset the recent decline of the few large firms in the area, and to cope with the growth of "second generation" unemployment amongst the growing young adult.

1.7.2 The main economic strengths and opportunities are:

- i. The New Town: The area's economic position is severely depressed, but it would be much worse without the significant employment growth achieved in Livingston in recent years, which continue to average 1,000 jobs per annum. The New Town has the merit of a "new" environment and image, which has been heavily promoted within the UK and abroad to raise awareness of the area amongst prospective employers.
- ii. Central location: The Bathgate area lies in the centre of Scotland's densely populated central belt. The area is therefore well placed to serve the central Scotland and national and international markets, being situated mid way between Glasgow and Edinburgh on the motorways network. Edinburgh airport lies a few miles (average 15 minutes travel time) to the east and port facilities at Leith are well developed.
- iii. New technology: The area has an established image as a centre for new industry, notably in the electronics field, and this, in conjunction with a supply of factories, sites and services of an appropriate scale, offers a route to the economic restructuring of the area based on a growth sector of the economy. The Kirkton Campus at Livingston, the science park on the Heriot-Watt campus, and the imminent development of the Butlaw site at South Queensferry provide a particular high quality environment with a large stock of industrial land. The Kirkton site has attracted major bio-technology and pharmaceutical developments as well as electronics.
- iv. Labour skills: Opportunities for the development of indigenous potential are limited at present, but there is a substantial local reservoir of labour skills in the engineering sector and a growing local labour force familiar with new technology and electronics. As part of the measures introduced to realise the potential, the local authorities are pursuing a major programme to raise awareness of the self-employment option and an expansion of training opportunities. The Livingston Information Technology Centre (ITEC) is making a significant contribution to the development of appropriate skills among school leavers who undertake courses available.

- v. Service sector: Major opportunities lie in the expansion of retailing and leisure and recreation facilities. The former will principally be in the second phase of the Almondvale sub-regional centre which is programmed to more than double in size over the next few years. The latter will include indoor facilities such as a recently completed hotel, a new ice rink and multi-sports event centre, and museum projects; most notably an oil industry museum.
- vi. Development of Indigenous Potential: While Livingston provides a focal point for inward investment opportunities there is potential to increase the role played by small and medium sized firms within West Lothian. Particular opportunities exist in the Bathgate through the local enterprise agency, Bathgate Area Support For Enterprise (BASE) and other initiatives promoted by the Regional and District Councils and the Scottish Development Agency.

9D.2. DEVELOPMENT OBJECTIVES

2.1 The broad development objectives of the Programme for East Central Scotland are to restore a healthy economic life to the area through:

- i. the improvement of communications and other infrastructure at local and regional level to facilitate economic growth, personal mobility and the attractiveness of the area for investment;
- ii. supporting the creation of new jobs, and the maintenance and expansion of existing employment sources, to overcome severe unemployment;
- iii. contributing to improved local financial infrastructure, to allow a new industrial base to develop within the community;
- iv. providing training to reinforce the employment potential of the labour force and to raise awareness of the self-employment option;
- v. the projection of a positive image of quality and endeavour in the area, to attract investment and growth;
- vi. the stimulation and release of the indigenous potential of the area;
- vii. the encouragement of the potential of the service sector, including tourism; and
- viii. urban regeneration and improvement of the living and working environment; and
- ix. action to minimise the blighting effects on the landscape of mineral workings.

2.2 Improvements in communications are recognised as essential contributions to labour mobility and economic growth. Better access to the national road network and the provision of by-passes are particular priorities in West Lothian and Fife. In Central Region, improved road communications with Glasgow would enhance economic development opportunities. Improvements in public transport are also required. An important scheme in this respect is the re-opening of the Bathgate-Edinburgh rail line with the construction of 3 new stations, which have gained ERDF grant aid.

2.3 Throughout the area, another priority is the acquisition and development of suitable sites for industrial and office development and the provision of workshop units in order to encourage the formation of new enterprises.

2.4 All authorities are particularly keen to develop integrated programmes of action. Local economic initiatives undertaken by public authorities acting jointly in the involvement of the private sector are regarded as an effective way of addressing the problems of particular areas. In Central Region, joint local initiatives among the Regional and District Councils, the SDA and the private sector are underway in Clackmannan District (the Alloa-Clackmannan Enterprise Trust) and Falkirk District (the Falkirk Enterprise Action Trust and the Denny-Bonnybridge project). A further programme of action is under consideration for the North Falkirk Area. In developing an economic strategy for Falkirk, the District Council will involve both the public and private sectors in new initiatives. In Fife, Enterprise Trusts have been established in Glenrothes and Levenmouth. In Dunfermline a Working Group has been formed to establish a South Fife Enterprise Trust to cover the whole of Dunfermline District Council area plus the Kirkcaldy area of Kirkcaldy District, with a view to implementation by early summer 1986. In addition, the West Fife Enterprise Community Association is an association which has been established to promote industry together with a training scheme which is being supported by the European Social Fund. Particular priority over the Programme period will be given to West Lothian, and particularly Bathgate and its immediate surroundings in view of the particularly severe local employment circumstances. An integrated programme for the area of economic, social and environmental improvement measures has been put in hand. In Bathgate, the partnership agreement between the Regional Council, the District Council, the SDA and Leyland Vehicles to jointly finance BASE (the Bathgate Area Support for Enterprise) has been extended. This initiative arose largely from the Secretary of State for Scotland's concern over rising unemployment within the local community.

2.5 Continued support for the New Towns of Glenrothes and Livingston is regarded as a priority for these act as growth points with spin-off effects for a wider area although a balanced approach will be necessary to ensure that the decline of depressed areas such as Cowdenbeath and Lochgelly is not accelerated.

2.6 A further priority is to promote tourism beyond the traditional May-September season and beyond traditional centres. This will involve providing facilities to allow for the extension of the tourist season. In Central Region, a particular aim is to encourage the conservation of farm buildings for tourism and business activities, and in Fife to encourage tourist facilities related to the Levenmouth project, the Fife Tourist Route and the newly designated Lomond Hills Regional Park. In Lothian, the Regional and District Council and the Livingston Development Corporation are seeking to identify opportunities for tourism development in West Lothian, including canal-side and coastal schemes. Overall in all 3 areas the aim is to exploit industrial heritage and the water and sport facilities of the Forth Estuary.

2.7 The proximity of Edinburgh Airport and its ease of access for those living within or visiting the East Central Scotland area is a major strength. About 35% of non-transfer passengers (ie single journey) emanate from the area but many more travel via Heathrow to Europe, North America and other parts of the world. As a reflection of its economic importance to the area, 54% of the airport passenger traffic is business while from 1975 to 1982 the proportion of tour component traffic rose from 4% to 14%.

9D.3. DEVELOPMENT MEASURES

3.1 Communications

3.1.1 Roads

The specific measures planned for the Programme period will be aimed at improving links with the strategic road network (including motorways) removing bottlenecks, relieving congestion to inner-urban areas, reducing journey times, and overcoming local communication difficulties between larger towns (eg between Bathgate and Livingston). In addition to Regional Council and SDD schemes, Livingston Development Corporation plan some £3.3 million expenditure.

Major Projects Over £1 million**Estimated
Cost (£m)****LOTHIAN**

A89/Starlaw Road Roundabout	1.2
Phase 2 Starlaw Road	1.5
M8 Junction	2.0
River Avon Gorge	2.0
Livingston roads (several schemes)	3.3

FIFE

A915 Windygates Bypass	3.5
A921 Improvements, Kirkcaldy	6.4
Glenrothes Transport Interchange Facility	2.0
A907 Improvements, Dunfermline	6.55
A823 Bothwell St/St Leonard's Street, Dunfermline	3.76
C66 Coal Road, Dunfermline	1.0
Eastern Link Road, Dunfermline	4.15
B912 Robertson Rd/Whitefield Road, Dunfermline	1.85
A911 Windygates Diversion	2.2
EFRR Lochgelly Link Road	1.0
Glenrothes Western Distributor Road	2.0

CENTRAL

Falkirk Northern Distributor Road	3.3
<u>Wholeflats</u> Link Road	2.0
Falkirk Hope St/Vicar St	2.5
Laurieston Bypass	2.5
Crow Yett Bridge	1.2
Laurieston Link Road	3.0
River Avon Gorge	1.6
Hallglen to Redding Road	1.25

The major trunk road priority is to complete the East Fife Regional Road, which will improve links from the M90 motorway to Kirkcaldy, Glenrothes and North East Fife. On the M8 motorway, following a recommendation of the Bathgate Working Party Report, a new junction is planned to improve communications to Bathgate and Livingston New Town. The full programme of possible starts is:-

Major Projects Over £1 million**Estimated Cost (£m)**

M8 Junction	2.0
A92 East Fife Regional Road, Stages III and IV	17.25
A92 Preston to Balfarg	6.30

3.1.2 Rail

The main priority is the re-opening of the passenger rail service between Bathgate and Edinburgh. Modernisation of the track and signalling in the Larbert-Falkirk area is needed to improve efficiency and reliability over a busy junction of lines serving the major urban centres. The improvement of rail communications within the area will encourage new industrial development.

Major Projects over £1 million**Estimated
Cost (£m)**

Larbert-Falkirk track improvement

3.6

3.1.3 Ports and harbours

Container cranes at Grangemouth may have to be upgraded to handle the heavier containers associated with an increase in the maximum weight of lorries to 40 tons. Other investments at ports within the profile area will be undertaken as the need for them is identified.

3.2 Water and drainage

Enhanced and improved water and drainage facilities, including supply to new industrial sites are essential to industrial development. In Fife, the priorities will be to allow greater flexibility of water supply to Glenrothes, allowing the establishment of new industrial estates and to secure improvements to sewerage facilities to reduce coastal pollution, which is damaging potential expansion of the tourist industry. Several schemes are proposed for the Dunfermline area to deal with foul and surface water, sewerage and sewer renewals. In Central Region the main priority is to remove constraints on the development of Falkirk and Grangemouth through increasing the water supply capacity of the Carron Valley Reservoir and improving sewage treatment at Grangemouth.

In West Lothian, expansion of water supply services is likely to be needed to allow further growth in the Calders and Livingston areas and to allow industrial expansion, including full development of the strategic industrial site at Linthouse.

The Central Scotland Water Development Board has plans for 2 major reservoir developments at Dunblane and Balmore.

Major Projects Over £1 million**Estimated
Cost (£m)****LOTHIAN**

West Lothian/West Edinburgh supply scheme (30% of treated water from the scheme will be supplied to West Lothian)

7.0

FIFE

Bluther Burn Regional Drainage Scheme
Dunfermline area trunk drainage
Cowdenbeath sewage treatment works extension
Lomond Hills Treatment Plan
Kirkcaldy Long Sea Outfall and Headworks

1.45
1.5
1.0
1.2
7.0

CENTRAL

Carron Valley Reservoir (serving assisted area)
Alva Sewage Treatment Works Extension
Bo'ness Main Drainage Scheme
Grangemouth West Sewage Treatment Works

4.0
1.2
1.2
3.5

CENTRAL SCOTLAND WATER DEVELOPMENT BOARD

Dunblane Service Reservoir
Balmore Duplicate Raw Water Reservoir

2.2
1.9

3.3 Industrial Development

3.3.1 Development measures will include the identification and development of industrial sites and the provision of necessary services, and the construction of advance factory units, especially workshops and 'nest' units to foster small businesses. The scale of these developments will vary. Major sites with development potential will be investigated particularly those suited to the needs of high technology companies.

3.3.2 Both Regional and District Councils and the New Town Development Corporations have responsibilities for encouraging industrial activity. In each of the sub-areas within the profile area the action proposed can be summarised.

3.3.3 Dunfermline District Council recognise particularly the value of sites in the vicinity of the Forth Road Bridge where there is considerable demand from small and medium sized firms but where improvements are needed to provide an adequate supply of serviced land. The north-eastern part of the District, which suffers particularly from the run-down of coal mining, is a second priority area where a supply of suitable industrial land is seen as vital to stimulate economic development. A third priority is the extension of the Pitreavie Business Park, requiring improved road access. Fife Regional Council are liable to be involved in promoting site throughout the Region. The Glenrothes Development Corporation has on-going comprehensive programmes in site infrastructure, buildings and landscaping. The continuing task is to open up a range of sites to offer an element of choice to any incoming industrialists, areas suitable for large custom built factories as well as areas appropriate for smaller units, areas designated with the emphasis on certain categories of enterprise eg, services at Bankhead, high technology at Fleming Park and aircraft related at Fife Airport. The work involves access roads, drainage and landscaping. Kirkcaldy's District Council's policies are clearly established. Investment in site servicing projects will continue where necessary in the more "prosperous" areas - eg roads and sites servicing at Randolph Industrial Estate, Kirkcaldy. Investment in factories will be in the form of "workshop" type units in the outlying and more disadvantaged parts of the district where hopefully they will encourage the growth of existing and new small firms including co-operatives and community businesses.

3.3.4 As evidenced on its development area status, Bathgate and its surroundings is considered a priority area by the constituent authorities. The Scottish Development Agency, Lothian Regional Council and West Lothian District Council aim to identify and develop a major, single-user, high-technology site in the area and to pursue a major redevelopment at the Leyland Vehicles works in the town. Livingston Development Corporation plan expenditure of some £4.5 million on industrial site development over the programme period and £3.7 million on the provision of commercial infrastructure.

3.3.5 Falkirk District Council plan to invest £3.5 million from 1986-1991 on industrial projects. Central Regional Council are likely to be involved in developments in Falkirk, Grangemouth and Alloa while Clackmannan District Council's attention will be focussed on the Alloa area.

3.4 Tourism

In order to develop the area's potential for tourism, measures are needed to improve visitor facilities and museums in historic locations such as Linlithgow (West Lothian District) Dunfermline, and the village area of Livingston. One important project will be an oil museum in Livingston in the place where the oil industry began 125 years ago based on local shale oil. Large-scale weather independent leisure facilities are also priorities for District Councils in Dunfermline and West Lothian, when resources are available, to encourage, particularly, the area's potential in the day-trip market. The possibilities of small scale provision of holiday accommodation ancillary to agricultural holdings and the conversion of former farm buildings for tourist activities are being explored in Central Region. West

Lothian District Council are examining the possibility of the redevelopment at Linlithgow, Livingston and Bathgate. Work is in progress in developing a strategy for the Forth Valley Tourist Board. This will highlight development opportunities in tourism. Moreover, the constituency are developing a tourism development strategy for the West Lothian area, concentrating on the impact of tourism on economic development. This could involve development on or near to the West Lothian boundary, for example the tourism potential of Port Edgar marina which is currently the subject of investigation by Lothian Regional Council and the Scottish Development Agency.

Major Projects, over £1m	£m
Events Centre, Livingston	1.3
Swimming Pool, Livingston	2.5

3.5 Energy

The main priorities in terms of electricity and gas distribution for the area over the Programme period will be to reinforce supplies to allow industrial investments to be implemented to provide new supplies to industrial estates being developed by other public authorities.

Major projects over £1m

	Estimated Cost
Longannet Power Station	
Date Logging Equipment	1.6
Mill Air Heater	8.0
Redhouse Transmission Plant	1.4
Dunfermline Transmission Plant	2.0
Livingston/Brucefield 33/11 kV Reinforcement	1.2
	<hr/>
	14.20
	<hr/>

3.6 Environmental

Refuse disposal and its attendant problems are of considerable significance throughout the area. Industrial refuse disposal facilities can be an important component in the development of tips and may be linked to derelict land rehabilitation and environmental schemes. The potential for utilising the open-cast coal site at Westfield is being explored. Land renewal and other environmental schemes will be undertaken. These are important in terms of improving the image of the area and attracting inward investment.

9D.4. CO-ORDINATION WITH OTHER COMMUNITY FUNDS

4.1 Each of the 3 Regional Councils has applied for and received assistance through the European Investment Bank and the European Social Fund. Monies from both these sources have been used to further the economic development strategy for the area both in terms of infrastructure provision and training needs.

4.2 Central Regional Council currently has a loan from the European Investment Bank for infrastructure projects amounting to £15 million. This loan is the second made to the Regional Council by EIB, a previous loan amounted to £4.8 million. The Regional Council has also successfully applied for assistance from the European Social Fund, and hopes to make continued use of such assistance in future years. A total of almost £2 million is being sought for job related training initiatives.

4.3 In the West Lothian Area European Community Instruments have been central to the implementation of a wide range of projects. Those supported in recent years in this way range from the M8/M9 link road (ERDF support) to the Job Support Scheme, backed by the ESF, both at local level, to the complementary larger infrastructure projects such as the Megget Water Supply Scheme (ERDF/EIB), which serves the Region as a whole, and also the Edinburgh City Bypass (ERDF/EIB). A study is underway to assess the economic impact of the bypass on the East Central Scotland Assisted Area (ERDF Article 24) to establish whether it is eligible for further ERDF assistance. An example of joint ERDF/ESF assistance in the area was the creation in 1983 of an adult training centre for the mentally handicapped in Livingston. Lothian Regional Council have taken out 8 loans from the EIB amounting in total to £88 million.

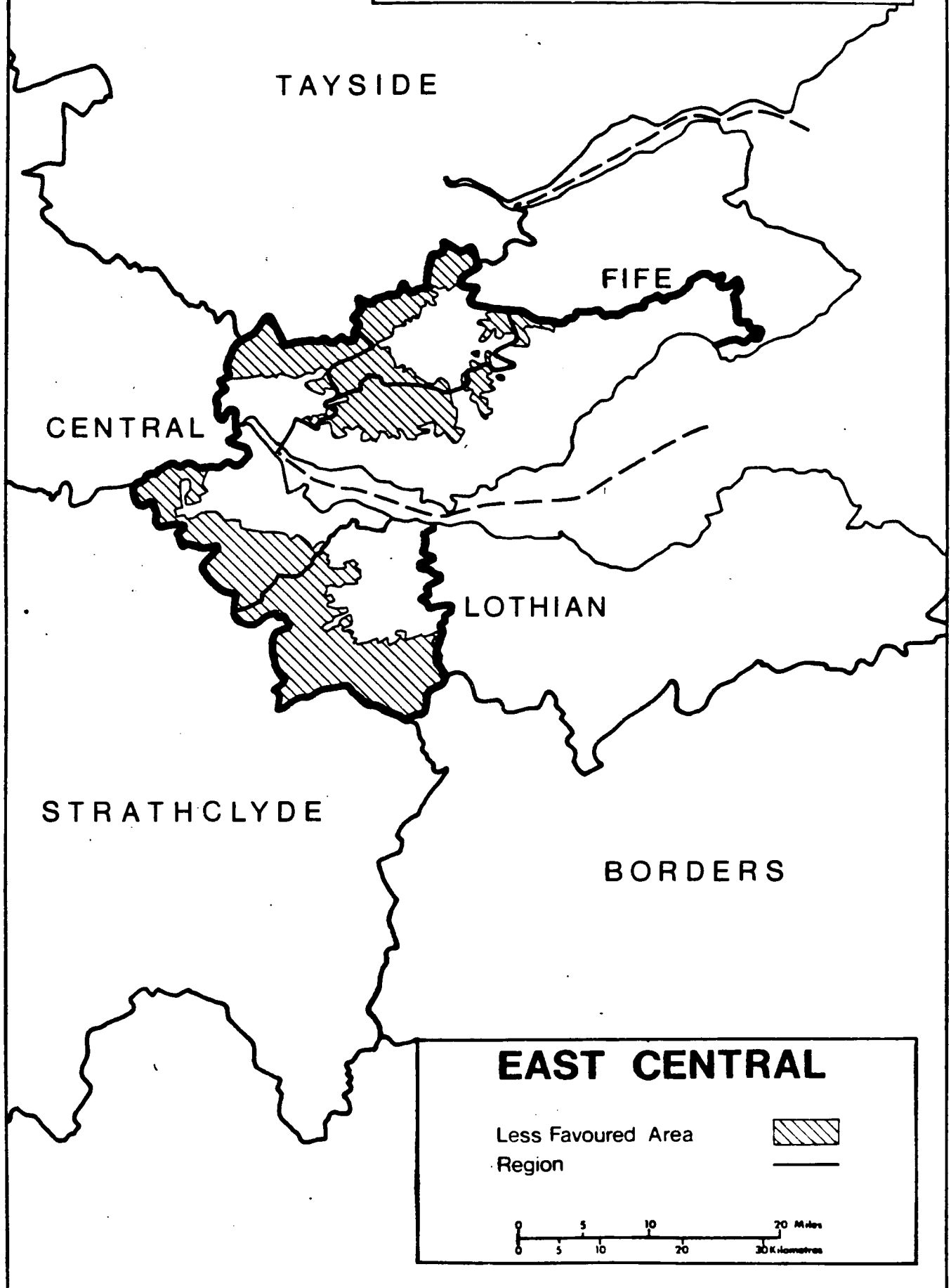
4.4 Further use of the ESF is now being sought including schemes for the extension of the BASE training programme and the continuation of the Job Support Scheme. The Regional Council has gained almost £6 million in ESF grants and has made 14 applications to the Fund in 1986 for further grant aid of £2 million. Of these 4 concern training for the disabled, 2 for migrants, one for women, 3 for training in new technology, one for young people, and one for continuation of the successful Job Support Scheme. BASE has also submitted further applications to extend its training programmes.

4.5 In Fife Region EIB loan assistance has helped bring a considerable number of major road, water and drainage projects to fruition in Kirkcaldy, Glenrothes and Dunfermline. The total value of EIB loans to date has been £10 million. Over the Programme period, further applications (totalling £10 million) to the EIB are planned for a number of roads and drainage schemes.

4.6 Fife Regional Council also hope to be successful in obtaining ESF assistance. Application has been made to the Fund for 1986, totalling some £900,000 for 2 vocational training courses for women, 2 for handicapped people, a small and medium sized enterprise training scheme, a young person's business school, a course for long term unemployed persons with disabilities, and a young persons employment support scheme.

4.7 The extent to which the area contains agriculturally less-favoured areas is shown on MAP 18. Processing and marketing opportunities for agricultural products will be developed through assistance available under Regulation 355/77.

Less Favoured Areas - Directive 75/268
Map 18



SECTION 9E

WEST CENTRAL SCOTLAND PROFILE (SEE MAP 19)

9E.1 SOCIAL AND ECONOMIC ANALYSIS

Introduction

1.1 The TTWAS covered by this profile are shown in map 20. The area covers most of the administrative region of Strathclyde (part of Strathclyde is included in the Highlands area profile). The area also includes small parts of Central and Dumfries and Galloway Regions. (see map 21). It covers a population of 2.4m. This is concentrated mainly along the industrial area of the Clyde Valley. The city of Glasgow (730,000 population) is at the centre of this conurbation. There are further industrial centres in (Ayrshire 330,000 population in total). The area also contains extensive less populated areas. These include intensively farmed areas, "marginal" moorland, and coal mining communities (mining has now ceased except in the south-east of the area).

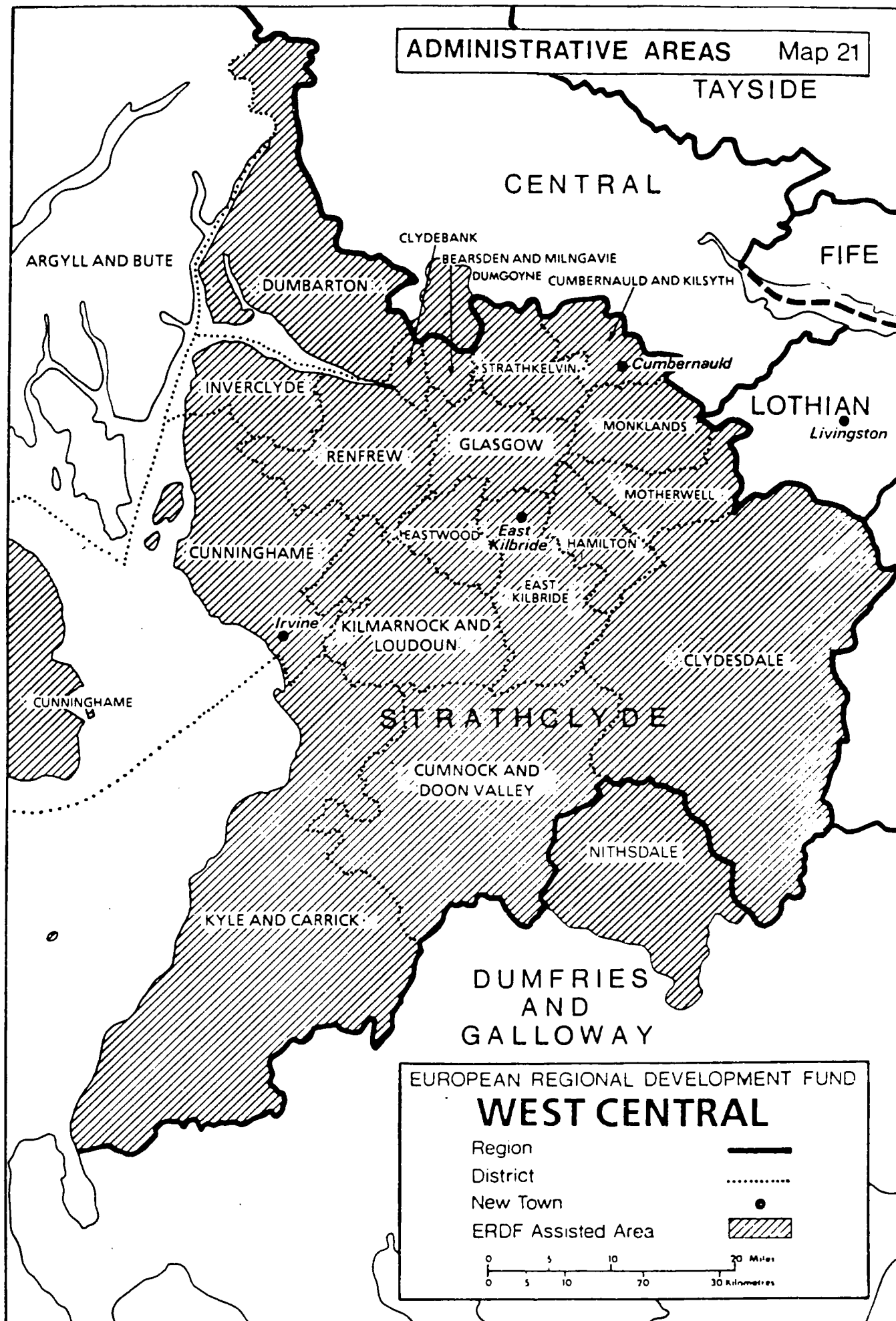
Problems

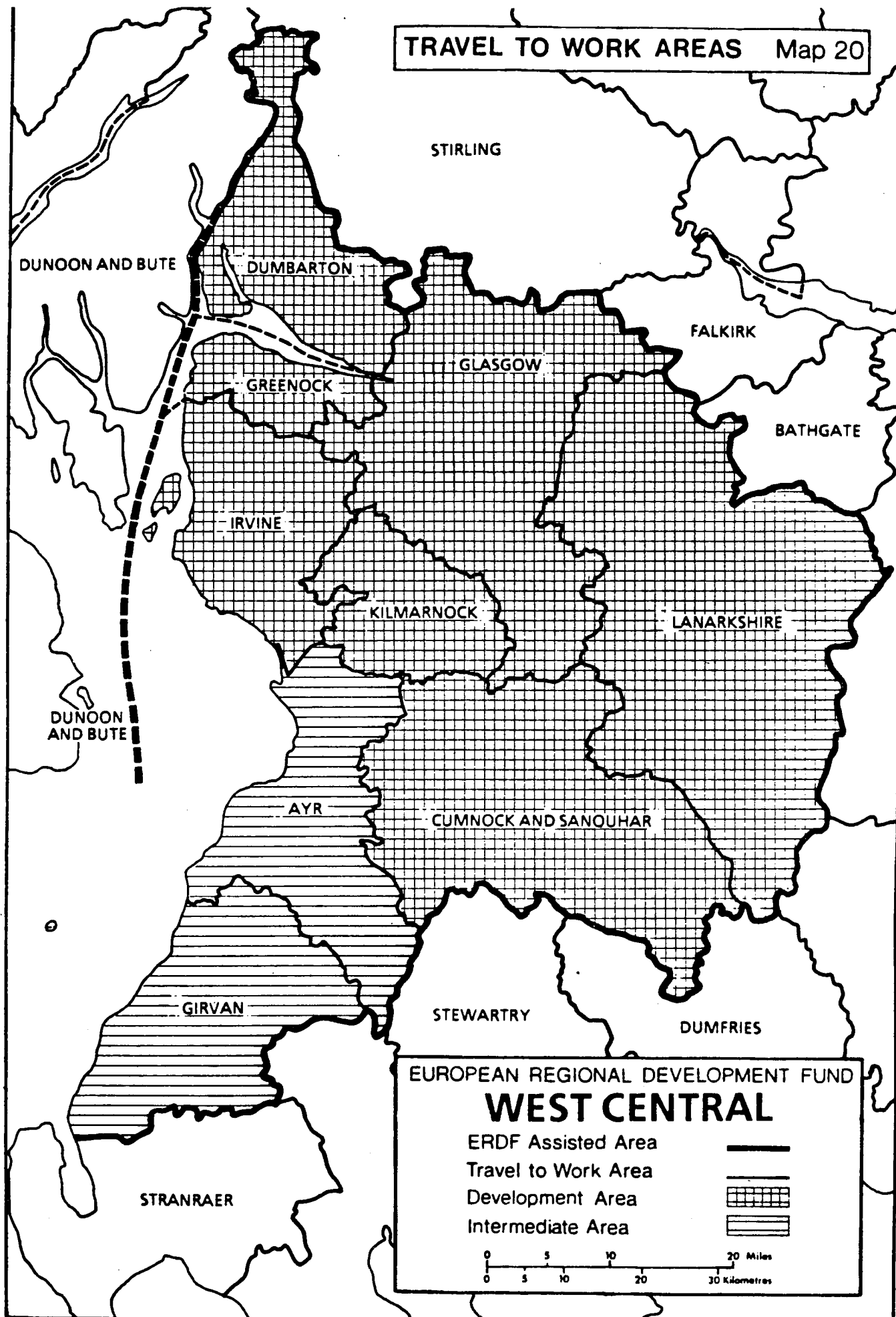
1.2 Locational Disadvantages: The industrial strength of the area in the early part of the century was built round a major port, coal fields and mineral mining including iron. Glasgow became the major commercial and industrial centre of Scotland, as well as a centre of higher education. As such it was an international centre, exporting manufactured goods and administrative and educational skills throughout the world. Since the second world war, the area's location has been a disadvantage. Sea trade has become concentrated in ports more convenient to centres of population. The focus has shifted to the east as markets have moved from the Commonwealth to Europe, Glasgow now has almost no general freight traffic. This shift has occurred alongside changes in manufacturing industry. "New" products such as cars and light engineering have grown nearer to markets and the pull of coal and sea ports has gone. The accelerated development of London as an international centre has also undermined the international links of other UK cities. This has been reflected, and to some extent encouraged by the development of international air transport on nodal airports - most international trips from Glasgow require an initial one hour flight to London, with increased costs and sources of delay. More recently, developments in high volume telecommunications networks have re-inforced this tendency for international businesses to concentrate their activities in the South of England. Neither has Strathclyde benefitted relatively from the North Sea Oil fields. The west of Scotland is not significantly more convenient as a source of manufactured supplies than other parts of the UK and beyond (although Glasgow has benefitted from the establishment of the headquarters office of Britoil, which is now a leading oil company).

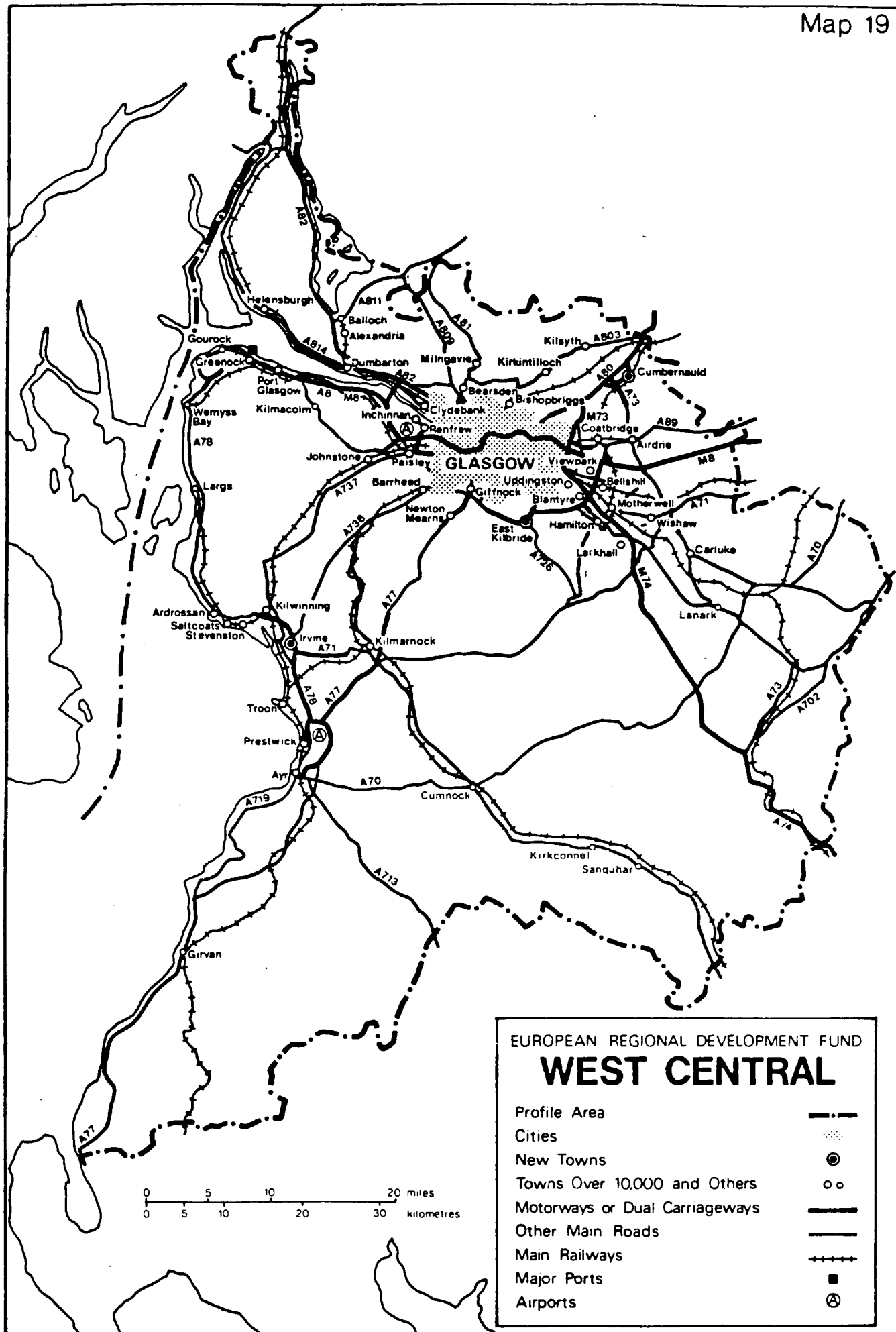
1.3 Structural problems: The long decline of Strathclyde's heavy industries, and the earlier established textiles and tobacco industries, and their particular vulnerability to the recessions of the 1930s and early 1980s have been the major factors in the area's high unemployment and slow growth. In the 1960's, 42% of employment in the region was in manufacturing industries, compared to 38% in the UK. Now it is estimated to be 23%, compared to 26% in the UK. 139,000 manufacturing jobs (43%) have been lost since 1979 (compared to a fall of 25% in the UK).

1.4 Since 1974, major losses (as indicated by redundancies as a proportion of employment) have occurred in; metal manufacturing 20,000 (56%), vehicles 17,500 (56%), shipbuilding 13,200 (44%), textiles 12,700 (44%), and mechanical engineering 34,400 (53%).

1.5 Steel, shipbuilding, textiles and motor vehicles which provided together 30% of manufacturing jobs in 1974, now account for only 15%. The decline in these industries continued, and British Shipbuilders announced its intention in May 1986 to shed a further 820







jobs in Scotland as part of a national programme of manpower deductions (495 at Govan Shipbuilders in Glasgow and 325 at Ferguson Ailsa Ltd at Troon on the lower Clyde). Engineering still dominates, although there has been a shift away from mechanical towards electrical engineering. Other major sectors are now food and drink, and clothing and textiles. The area has successfully competed for new investment from overseas, particularly in electronics and related industries, but less successfully than other parts of Scotland (relatively to its size) and not on a sufficient scale to make up for losses in the traditional industries.

1.6 Infrastructure problems: The 19th century is also the dominant influence on the urban fabric and built environment. Housing in the industrial towns was developed at unusually high densities, lacked the minimum amenities considered essential by the mid 20th century, and was frequently of poor structural quality. Radical re-structuring has been undertaken which embraced large scale clearance and redevelopment of the inner areas combined with the development of satellite communities on the periphery of the industrial towns. Although there has been a dramatic improvement in housing conditions, the new large scale public housing schemes have created new problems. They have become areas of especially high unemployment. Maintenance of both housing and public facilities such as schools has become increasingly under-resourced and the areas have entered a cycle of deterioration which requires a radical response aimed at stimulating employment opportunities as well as social and physical re-construction.

1.7 A further consequence of the development in the 19th century is the layout and condition of the underlying infrastructure networks. Over the last 20 years there has been enormous investment to bring these networks up-to-date. In the motorway network, in the main sewers, sewage disposal, and water supply, and in the public transport system, improvements have been made but new provision has been superimposed on original networks. In the case of roads, layouts are ill-suited to modern needs. In the case of sewerage and water services, systems are past their assumed life and in uncertain condition.

1.8 A further consequence of the changing industrial structure has been a physical shift to new factories, often in new locations. This has left a legacy of empty, and often dilapidated premises, and vacant sites which can be costly to re-use. In Glasgow alone, there are 2,000 ha of vacant land, mostly old industrial sites and 80,000 sq m of unused industrial buildings. All the older industrial towns have similar problems. In rural areas, also, there is a legacy of industrial developments - particularly coal mining - which sterilises large areas with unsightly industrial remains. This is a particular problem in Cumnoch and Doon, Clydesdale and Nithsdale districts. Upland areas of poor agricultural quality also limit opportunities.

1.9 At the same time, the area contains 3 new towns, and a number of new industrial sites and housing areas. Although some of the new development areas share the problems of industrial decline with the older industrial towns, they do have physical infrastructure which is generally up to modern standards and attractive. The challenge facing regional planning is to re-create equally attractive conditions throughout the profile area.

1.10 While the area is predominantly industrial there are substantial parts which are essentially rural in character. In the remoter parts of the area, the problem is to maintain good communications and to provide an adequate level of services. For example, in upper Nithsdale transport costs are high and access to services and markets are made more difficult by the area's relative remoteness to the main centres of population.

1.11 Unemployment: Associated with the decline of the manufacturing base have been high levels of unemployment, and high rates of migration. Unemployment for Strathclyde Region stands at 24% for men, and 19% overall (January 1986). Net emigration has averaged 17,000 per annum.

1.12 The problems of unemployment are especially severe in certain inner city areas of Glasgow, in the "peripheral" housing schemes of Glasgow and other industrial towns, and in the old coal mining areas (for example, in the Cumnock and Doon area).

1.13 A further consequence of job losses has been the increasing difficulties faced by young people. It is estimated that 20% under the age of 25 are unemployed, and over two thirds of school leavers are unemployed or on temporary employment schemes. Placement rates from temporary schemes are half that found in more prosperous areas of the UK.

Prospects

1.14 Unemployment rose sharply between 1980 and 1981, and has since remained at a high level, although there have been indications of steady, slower increases over the last 2 years. The rapid decline in jobs over the early years of the recession has also slowed, but not ceased. The area appears to be continuing to lose jobs, particularly in manufacturing, at a faster rate than the UK. Unemployment relative to the UK has also been rising steadily, having fallen in the early years of the recession. This is repeating the pattern of previous recessions.

1.15 The substantial contraction of manufacturing employment in recent years will be particularly difficult to makeup. Although the area has shared in Scotland's success in attracting electronics and other technology based industries, technological advances have also eroded traditional markets and reduced job opportunities. There is evidence that the area has not generated as many new small firms as more prosperous areas.

1.16 It is unlikely that construction and service sectors will expand to make up the difference. Until the mid 1970's, expansion of finance, professional services (health and education), public services and miscellaneous services (leisure, hairdressing, garages, hotels) went a long way to compensate for losses in manufacturing and service industries such as transport and retailing which have contracted. The expanding sectors except for finance and other miscellaneous services, are heavily dominated by public sector employers. Low economic growth has led to reductions in resources available for expansion of these sectors, and employment has remained static.

1.17 Overall therefore, there appears to be little possibility of sufficient expansion in the economy to reduce unemployment significantly in the next few years. The aims of economic development programmes, and the measure of their success must be the establishment of a new basis for sustained economic growth, combined with measures to ensure that no section of the community suffers excessively from the effects of unemployment. These aims are reflected in policies which place increasing emphasis on re-construction, investment in new technology, development of new skills, and development of new enterprises in all areas, including areas of high unemployment which are not traditional locations for business development.

Strengths of the Area

1.18 Despite the areas industrial decline it still contains a full range of commercial, industrial and educational services. This is a significant attraction to investors considering locating new enterprises. It also provides the source of new locally generated enterprise. The indigenous potential of the profile area is considerable, and many of the economic policy measures which have been developed in recent years have been aimed at releasing this potential.

1.19 The industrial traditions have also left a versatile and skilled population. This is associated with a well developed vocational training infrastructure. The problem is that many of the traditional skills, and associated training facilities require extension or conversion to new applications. This has been reflected in an increasing range of projects aimed at helping to add new skills to the traditional skills of the workforce.

1.20 While the environment of the older industrial areas is often unattractive, there are industrial sites with unusual potential. These include sites with spectacularly attractive environments, sites with direct deep water port access, large flat sites, abundant fresh water supplies and a clean atmosphere. The area also contains internationally renowned areas of outstanding national beauty such as Loch Lomond, within easy reach of the centre of Glasgow, and provides an excellent base for a wide range of sporting activities. There are a number of cultural facilities including the Burrell Art Gallery. A further recent addition has been the Scottish Exhibition Centre close to the centre of Glasgow. Combined with a number of new hotels, and the attraction of old family links particularly for North American tourists, the area has successfully competed for an increased number of visitors for both leisure and business purposes. A major attraction in 1988 will be the International Garden Festival to be held on the site of a disused dock in Glasgow.

9E.2 DEVELOPMENT OBJECTIVES





2.1 The public agencies responsible for action outlined in the RDP have a wide range of objectives (see section 9A). It is not possible in general to quantify these objectives, or to rank them. Success will be achieved if the decline of the area, measured in employment and population loss relative to the rest of the UK and Europe can be halted. The effectiveness of individual projects and sub-programmes can only in practice be measured against operational objectives set for that project. For example, improved traffic flows on a stretch of road, reduced interruption in the water supply, new enterprises assisted under an industrial innovation programme.

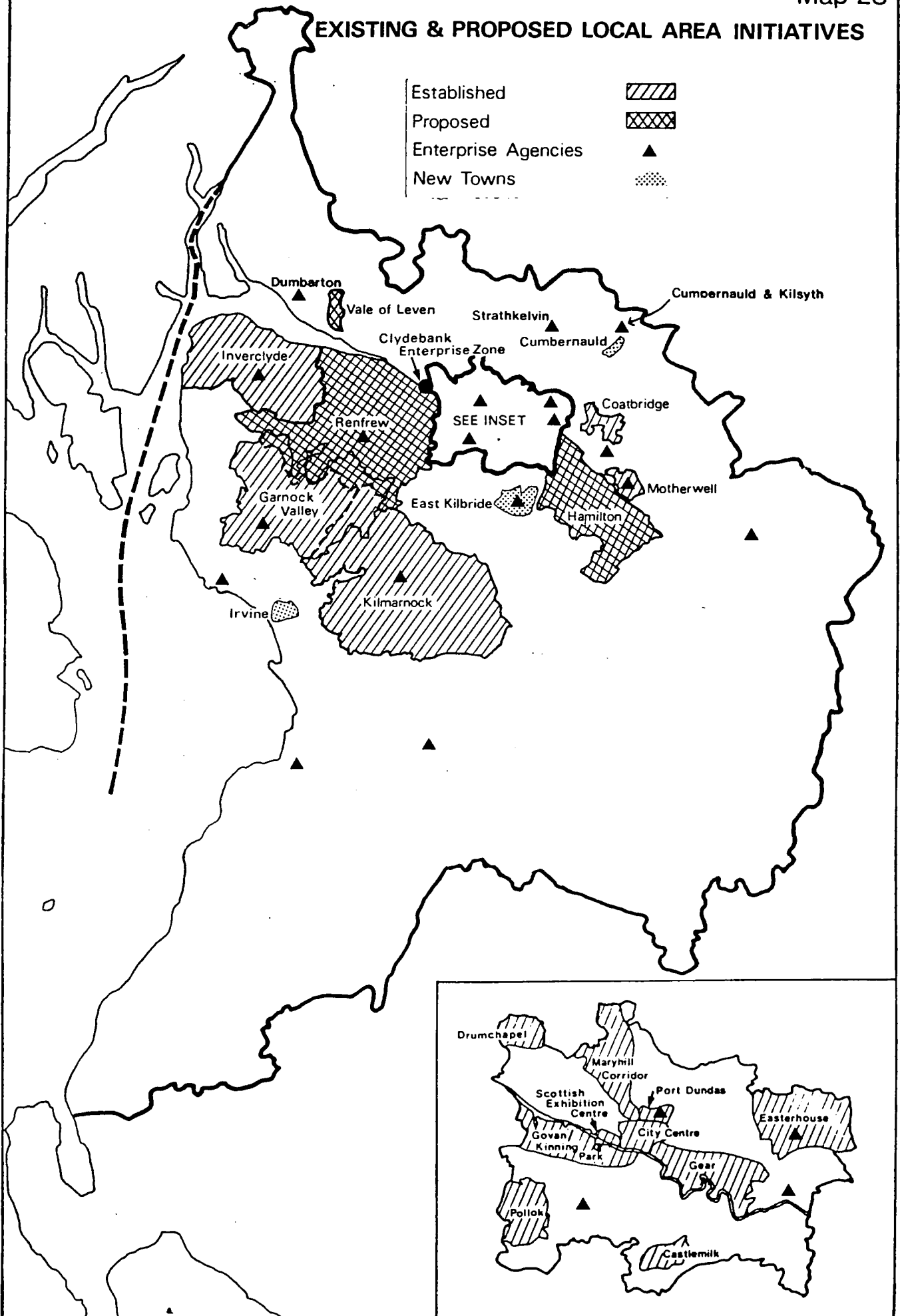
2.2 All the projects in this programme, serve one or more of the following broad objectives:-

- tackling the problems related to re-structuring of the traditional industries of steel, coal mining, shipbuilding and textiles;
- adding to or improving the regional physical infrastructure systems (eg major roads, modernisation of water supply system);
- encouraging investment in industry, particularly manufacturing, or commercial development;
- providing the opportunity to increase jobs;
- extending, converting or updating the skills of the workforce (through improved vocational training facilities);
- exploiting the potential for the creation and expansion of indigenous enterprises, and stimulating business innovation (particular emphasis will be given to small businesses). It is expected that article 15 resources will be utilised;
- rehabilitating unused industrial sites, environmental improvements, and provision of new industrial premises and serviced sites (through both new building and conversion);
- developing Glasgow City Centre as a major commercial and industrial centre;
- exploiting the potential for developing rural areas; and
- developing tourist facilities.

2.3 While many projects are intended to add to regional facilities, a number of integrated local redevelopment projects have been agreed between the agencies involved in economic development. These fall into a number of groups:

EXISTING & PROPOSED LOCAL AREA INITIATIVES

- Established 
- Proposed 
- Enterprise Agencies 
- New Towns 



- "joint economic initiatives" aimed at the redevelopment of established industrial areas";
- initiatives aimed at "peripheral" housing areas with very high levels of unemployment aimed at stimulating new enterprise, and helping residents to improve their chances of obtaining jobs;
- the Clydebank Enterprise Zone and the New Town development corporations at Cumbernauld, East Kilbride and Irvine.

2.4 Programmes devised for these areas contain a range of projects including physical infrastructure improvements, training and business development programmes, and environmental re-habilitation. Integration of action is aimed at linking to greater advantage all the separate elements of economic development and to co-ordinating the actions of all the agencies involved. The special programme and joint economic initiative of which the GEAR project on the East End of Glasgow was a forerunner have been successful in integrating the resources of central and local government towards particular problems. The Scottish Development Agency, Strathclyde Regional Council and various district councils have achieved a high level of co-ordination which has unfortunately not been matched by the co-ordination of the European Community's structural funds. An Integrated Development Operation (IDO) for Strathclyde would help to provide better co-ordination of these funds. A study has been carried out and was submitted to the European Commission in December 1984 which outlined how an IDO might be put into operation. During the currency of this RDP it is hoped that the Commission will be able to respond to the proposals for an IDO covering the parts of Strathclyde most directly affected of problems stemming from the decline of steel, shipbuilding, textiles, coal mining and manufacturing employment.

2.5 There is a growing number of local enterprise agencies. These bring the public sector agencies and private sector firms together in promoting business development. The following enterprise agencies are established and are shown on MAP 23:-

- Ardrossan, Saltcoats & Stevenston Enterprise Trust;
- Ayr Locality Enterprise Resource Trust;
- Cumnock & Doon Enterprise Trust;
- East Kilbride Enterprise Trust;
- Garnock Valley Development Executive Ltd;
- Glasgow Opportunities;
- Inverclyde Local Enterprise Trust;
- Kilmarnock Venture;
- Lanarkshire Industrial Field Executive;
- Monklands Enterprise Trust;
- Motherwell Enterprise Trust;
- Port Dundas Project;
- Greater Easterhouse Partnership;
- Barrows Enterprise Trust Ltd;
- Paisley/Renfrew; and
- Dumbarton.

2.6 The detailed review of major projects in the next section indicates where these are associated with local initiatives, and those which intended to add to or improve regional facilities or programmes.

2.7 One of the priorities is to address the problems caused by the restructuring of the steel, shipbuilding, textile and coal mining industries combined with the loss of jobs in manufacturing industries. The main focus for attention will be the Clydeside Conurbation. A National Programme of Community Interest for Glasgow was approved by the European Commission in December 1985. The Programme provided for an ERDF contribution of £68m over the period to the end of 1987 and it is expected that the 'National Programme' will be

extended for a further 2 years. The objectives, priorities and targets for Glasgow are set out in the National Programme a summary of which is annexed to this profile. Since the 'National Programme' only covers the City of Glasgow, some priority in the allocation of ERDF resources will still be needed to overcome the problems of the predominantly steel and shipbuilding areas of the wider Clydeside Basin. ERDF assistance will also be important to improving employment opportunities in the remainder of the profile area.

2.8 Much of the action being undertaken within the area initiatives are focussed on these problems. Two ERDF non-quota programmes for steel and shipbuilding areas will continue to operate in the area until 1989. In addition to providing assistance to allow the conversion of buildings to provide premises suitable for small businesses and other projects designed to improve the living and working conditions of the area, assistance will be available for to improve the performance, marketing and business administration of small businesses. The means of delivering this aspect of non-quota assistance will be through Better Business Services, Better Technical Services and Special Promotion Services.

AREA INITIATIVES

2.9 Map 23 shows the approximate boundaries of joint economic initiatives operating within the profile area. In the case of Hamilton, Vale of Leven and Renfrew final agreement on the precise nature of the initiatives has not yet been reached. It is also possible that an initiative might be set up for upper Nithsdale. The joint economic initiatives within Glasgow are covered by the NPCI (see annex). These are extremely important to the strategy of economic development and in determining priorities, particularly those of Strathclyde Regional Council. The initiatives may be summarised as follows:

(i). Motherwell Project

The Motherwell Project was established in April 1982 as an integrated project, initially for 5 years until 1987. The Scottish Development Agency, Strathclyde Regional Council and Motherwell District Council are working together with the private sector co-ordinating the implementation of the Motherwell project. Managed by the Agency, the project concentrates on assisting long-term economic growth within Motherwell. The project concentrates on assisting business development in the area both by meeting the identified needs for sites and premises and the general infrastructure necessary for business development. In this way, the Project facilitates the development of existing firms, the formation of new firms and helps to make the area an attractive location for incoming firms. The strategy also includes a thrust to diversify the Motherwell economy by the promotion of Food and Distribution sectors, Leisure, Tourism and Service Sector activities. The initial target over the five year period was to create 3,000 permanent jobs and increase training opportunities through the Youth Training Scheme and Community Enterprise Programme (YTS/CEP) providing an estimated 300-500 temporary jobs. A number of training and employment programmes have been supported including, North Lanarkshire Itec (40 places per year); a Youth Training Scheme centred on environmental improvement activities (50 places per year); Community Programme activities (150 places per year) and the Training and Employment Grants Scheme (109 jobs in 35 companies). Since March 1985, 98 more jobs have been created under the TEGS scheme, bringing the total to 207.

The following main priority activities, require to be taken forward and implemented, under the co-ordination and management of the Project.

- a. develop and extend the self-help business development initiative from engineering to other sectors/groups of local companies;

- b. facilitate the servicing and development of the prime industrial land at Righead and North Alderston;
- c. upgrade, extend and promote appropriately New house Industrial Estate;
- d. promote the establishment of a Scottish Food Centre at the Motherwell Foodpark;
- e. promote the implementation of commercial leisure and tourism facilities at Strathclyde Country Park;
- f. complete the major infrastructure improvements at Bellshill, Motherwell and Wishaw town centres, and the Carfin/Holytown by-pass;
- g. facilitate the redevelopment/improvement of the Hamilton Road/Muir Street section of Motherwell Shopping Centre;
- h. assist in the further development of Motherwell Enterprise Trust;
- i. assist Motherwell District Council, and successor organisations, in the setting up and provision of economic/business development services;
- j. implement an extended derelict land and environmental improvement programme, including the three designated Industrial Improvement Areas at Central Motherwell, Craigneuk and Wishaw; and
- k. further extend the range of training and temporary employment opportunities in Motherwell.

The Project's 5 year term will be completed in March 1987, by which time the original employment creation, training opportunities, and temporary employment targets should have been achieved. The industrial decline in the area has been more marked than anticipated, with 5951 notified redundancies during the 3 years of the Project, of which 2845 were in metal manufacturing including steel. A number of major development and infrastructure projects will not have been completed and the new opportunities, more recently identified, in leisure, tourism and shopping cannot be totally exploited by 1987. It is proposed, therefore, that the Motherwell Project should be extended by 3 years until March 1990. Outline agreement to this extension is already under discussion between the partners. Major infrastructure provision (£4.75m), at Bellshill Town Centre is underway. Proposals for Motherwell Town Centre, Wishaw, and Carfin/Holytown are in the future programme. Environmental improvement programmes have focussed particularly on complementing and promoting economic development opportunities in town centres, main routes industrial estates, and identified development sites, 79 environmental projects have been completed and 62 approved for future programmes.

(ii). **Coatbridge Project**

The Coatbridge Project was established in February 1983. It is an Agency led integrated project based upon a partnership with Strathclyde Regional Council, Monklands District Council and the private sector. The Project's main aim is to stimulate long term economic growth. The Project's objectives are:-

- to stem decline in business activity and to realise the growth potential of existing firms;
- to stimulate new business formation and make the area more attractive for incoming investment; and
- to improve the environment, image and infrastructure of Coatbridge.

The targets set for the period 1983-86 were to create 800 jobs and to encourage £6.8m of private investment. This involved a public sector commitment of £15m. The Project's strategy has been to assist business expansion and to identify and create opportunities for the wider economic development set out in the Project Agreement. The Project has diversified the industrial base, which from the outset was over dependant on traditional and, in most cases, declining sectors of activity.

In both quantitative and qualitative terms, the Project has proved successful:

- 1519 business development cases have been handled by the Project Team;
- 1016 new jobs have been created, exceeding the initial 3 year target by 216;
- 96 new companies, mostly in the service sector, have been established in Coatbridge and Airdrie;
- Private investment is approaching £9.5m, with a further £14m already in the pipeline;
- 17,000 m² of industrial and commercial accommodation has been provided by the Agency the District and the private sector, including a prestigious new Business Centre.
- 350 new private homes are being built on previously derelict sites;
- Several existing companies have been assisted, notably JJ Lees Plc and Alexander Pettigrews (Printers) Ltd, both of which have expanded creating new jobs and safeguarding existing employment;
- Scotland's first Industrial Heritage Park is under construction at Summerlee and due to open in the Spring of 1987; and
- 46 high impact environmental improvements have been completed or are underway.

The combined effect of these and other Project achievements is perhaps most evident in the change that has occurred in the business community's perception of the area. The property development industry is once again active and Coatbridge's ranking as a location for investment is continually improving. The outlook is altogether more optimistic than 3 years ago.

It is proposed to extend the Project to 1988 with additional public expenditure of £13m aimed at leaving £35.40m worth of private investment. Negotiations between the partners are under way on the extension of the Project.

Revised objectives for the Project's extension are likely to include:-

- to consolidate and exploit the improved climate for local business development as the basis for long term, self sustaining growth;
- to create an additional 700 jobs;
- to attract an additional £10m of private investment;
- to improve the environment and enhance its attractiveness to incoming investment;
- to promote major industrial commercial, retail and residential development opportunities to further diversify the local economy; and
- to extend the Project's operations to embrace specific opportunities which may arise in other parts of Monklands.

In pursuit of these objectives, the Project will continue to undertake complementary business and physical development programmes.

(iii). **Inverclyde Initiative**

The initiative was set up in 1985 with the overall aim of regenerating the Inverclyde economy. The objectives are to:

- diversify the area's industrial base;
- develop local enterprise; and
- mobilise skills within the local community.

Preparatory assessment carried out jointly by the local business community, Inverclyde District Council, Strathclyde Regional Council and the Scottish Development Agency identified areas of opportunity and action that could be taken to address the constraints on the realisation of these opportunities:-

Service sector - tourism and leisure Inverclyde has significant potential to exploit the growth in service sector activity, notably in the tourism and leisure, by capitalising on the area's good communications, national resources, scenic views and waterfront location. Opportunities have been identified to establish a major west of Scotland visitor attraction associated with leisure and recreational facilities and to exploit hotel, office and residential markets.

New technology - electronics and health care In these growth sectors a number of opportunities have already been identified. These projects offer prospects both for local enterprise and the attraction of new inward investment.

Traditional skills - marine related The area is known for its representation in this sector and local companies which have demonstrated their resilience by weathering the recession now face the challenge of developing new opportunities.

Manpower and training Many of the employment opportunities being created in the area do not match the skills of the traditional sectors. A crucial task is the equipping of local residents with the skills to compete for jobs and to develop their talents and enterprise.

Sites and premises The availability of suitable sites and premises is a constraint. Opportunities have been identified for the development under the initiative of large and small urban sites, for the refurbishment of existing buildings and for the development of sites for new industries.

The Inverclyde Initiative is locally-based and locally-led. The organisation has 3 main components:-

The Development Group is the heart of the initiative, it has 14 members, comprising 9 representatives from the local business community, 2 each from Inverclyde District and Strathclyde Regional Councils and one from the Scottish Development Agency.

The Project Team provides the initiative with the full-time executive staff essential to the range and scale of projects already identified, and to co-ordinate the generation of further projects. For an initial period of up to 5 years, the Scottish Development Agency will supply the Project Director and the core of the team.

The Venture Groups draws together private and public specialist skills, local knowledge and commercial insight to generate practical investment opportunities.

The Initiative's goal is long-term regeneration and the mobilisation of local commitment to achieve that aim. The commitment to the Project Team will be for an initial period of up to 5 years. During the initiative's 5th year, a review of the Initiative's impact on the Inverclyde economy will be undertaken in order to assess its future direction.

As the Initiative itself will select those projects which it wishes to advance, no prescribed programme with associated targets has been set. The Development Group, aided by the Project Team, will prepare annual action plans, including targets, as the basis for implementation, monitoring and review. Nonetheless, the preparatory work provides a guide to the scale of potential achievements, and indicates some £60m of investment opportunities leading to the creation of up to 2,000 jobs over 5 years, and a basis for further development.

(iv). **Kilmarnock Venture**

The Kilmarnock Venture was set up in 1983. This area initiative involves Kilmarnock and Loudoun District Council, Strathclyde Regional Council, the Scottish Development Agency and representatives of the local business community in a project agreement aimed at promotion of economic development in Kilmarnock. The Project Area is that defined by the boundary of Kilmarnock and Loudoun District Council. Whilst promotion and assistance to firms under the Agreement will relate to this specified area capital expenditure will generally be concentrated within the town of Kilmarnock and the Irvine Valley. The South Central Kilmarnock Area has been identified as a priority area.

The objectives of the Kilmarnock Venture are aimed at overcoming problems of job losses in manufacturing industry (eg Massey Ferguson, Glenfield and Kennedy, Glacier Metal, BMK Carpets). It is considered that there is potential for indigenous business development provided that the appropriate conditions and environment exist. The Project aims to meet the needs of existing firms and to assist the formation of new firms by ensuring that these conditions and environment do exist.

The main priorities are:

- to increase job opportunities in the area;
- to stem the decline in business activity by removing the main constraints affecting the development of small and medium sized firms in the area;
- to ensure a diversity in the local economic structure to avoid dependency on a small number of large employers and firms owned or controlled from outwith the area.

The target over the 3 year period was to create at least 1,000 direct permanent jobs during this time.

The Project Strategy is aimed at building on the potential for indigenous business development. It will focus, therefore, on the stimulation of business development in the area by meeting the identified need for premises, by providing advisory services to existing firms and by giving special assistance for new starts. The Project will thus facilitate the development of existing firms and increase the rate of formation and likely chances of success of new businesses within the Project Area.

(v). **Renfrew**

The principal component of the Project is the establishment of a locally based Business Development Unit. Its remit includes, assistance to existing businesses; development of a specific design and marketing initiative in the knitwear sector; stimulation of new businesses and enterprises; provision of information on industrial development opportunities; the undertaking of market research and market identification projects on behalf of businesses and public agencies for promotional efforts (making use of outside specialists where appropriate); and provision of advice and support for local initiatives and groups attempting to establish community businesses or workers' co-operatives.

The Business Development Unit is supported by a Consultative Group comprising, the partners in the Project Agreement. The Project was initially set up for a three year period and consideration is currently being given to an extension. The Project Agreement identified major infrastructure works required to match the efforts of the Business Development Unit. Some of these works have been undertaken and other remain to be completed during the period covered by this RDP.

Renfrew District Council, Strathclyde Regional Council and the Scottish Development Agency are jointly investigating an Economic Initiative and negotiations are at an advanced stage. There are four main areas of emphasis:-

- opportunities for medium and large companies;
- proposals to improve the image of the area and environmental improvements to key areas;
- business development; and
- training, technology and innovation.

(vi). **Cumnock and Doon Valley**

Cumnock and Doon Valley District has 2 distinct problems. It is in parts a sparsely populated rural area, but also has a number of communities which were built around coalmines. All but 2 of the mines have now closed, leaving very high levels of unemployment in communities with few alternative jobs. Recognition of these problems has led to the establishment of an enterprise trust (CADET) and a joint working group of the Strathclyde Regional Council, Cumnock and Doon District Council and the SDA. CADET provides a full range of business development services, and will manage a workshop complex. Cumnock and Doon Valley is currently subject to a major economic review by consultants affected by the SDA and NCB Enterprise. This study, which is examining the scope for short and medium term employment projects, is being steered by the SDA, CADET SRC and Cumnock and Doon Valley DC. The working group inter alia has initiated reviews of infrastructure requirements, and will draw up a programme of priority projects for roads, water and sewerage, factories and industrial sites, and environmental rehabilitation.

(vii). **Ardrossan/Saltcoats/Stevenston**

An enterprise agency - ASSET - (Ardrossan, Saltcoats, Stevenston Enterprise Trust) has been operating in the area for 4 years, supported by Strathclyde Regional Council, the SDA, ICI and Shell. In addition to business development services, ASSET has initiated a range of other projects. It operates a managed workshop, an enterprise fund providing low interest loans, industrial property developments, a leisure and tourism development programme, an innovation support scheme, a management training programme, and a training programme to assist young people set up in a business. Several of these projects have attracted ERDF, ESF and other EC assistance. In addition, Cunningham District Council and the SDA have spent over £4 million on environmental projects. Strathclyde Regional Council has invested considerable sums improving the infrastructure of the area. A proposed £6 million expenditure is aimed at regenerating tourism in the area though providing new facilities and removing dereliction.

(ix) **Vale of Leven**

An enterprise agency incorporating the District Council has been established in Dumbarton District and covers the Vale of Leven Area. Although there is a commitment by Strathclyde Regional Council to agree a comprehensive initiative programme, as indicated in the Structure Plan, with other relevant organisations, detailed discussions have not yet taken place. The District Council have, however, declared an Industrial Improvement Area under the Inner Urban Areas Act and this together with several environmental and industrial developments which are being promoted by the District Council is currently under way. The Industrial Improvement Area which was declared in November 1985 covers six existing industrial estates in the Vale of Leven totalling 85 hectares with some 65 firms employing over 3,600 people. The area came into active operation starting April 1986, and will enable the District Council to offer employers grant aid for expansion and environmental improvements from a budget of £250,000 to be spent over a three year period.

Elsewhere in the Vale of Leven Initiative Area the District Council are converting vacant factory premises to form the Lomond Trade Centre. The District Council's investment is again in the region of a quarter of a million pounds, and it is hoped that the facility together with the financial and administrative advice which will be on hand within the Centre, will operate in a similar fashion to a managed workspace and help to alleviate the very high unemployment rate in the Vale currently running around 23%. This project is the subject of an ERDF Grant Application.

(x) **Hamilton/Blantyre**

Detailed discussions which will lead to a economic development initiative are at an advanced stage. Major components of this initiative programme are expected to include: measures to strengthen and co-ordinate business support services to firms in the area (based on performance reviews of local companies); new training initiatives to enhance the skills of those in employment, assist the unemployed and improve links between firms and training institutions; industrial property developments; environmental improvements; and tourism projects.

(xi). **Clydebank Area Initiative**

The report of a Working Party on Employment in the Clydebank Area recognised that much of the action required would involve the SDA in matters for which they had powers and recommended that a "task force" should be set up led by the SDA. A task force was therefore established in 1980 and has given highest priority to land assembly, provision of factories, attraction of industrial investment and environmental recovery. There is close liaison with Clydebank District Council to establish priorities and identify specific schemes for implementation.

Business support services are increasingly being developed to promote the expansion of existing and new firms.

The New Towns

2.10 Strathclyde's three New Towns - East Kilbride, Cumbernauld and Irvine - play a vital role in the Government's strategy for the economic development of the Region. Their prime function is to create industrial and employment opportunities, taking particular advantage of inward investment in the high-technology sector. The Government regard the New Town Development Corporations as key instruments in an on-going initiative to strengthen and diversify Strathclyde's economic base. The Towns' development complements the strategy for the regeneration of inner city areas described elsewhere in this Programme.

East Kilbride

East Kilbride, the "flagship" of the Scottish New Towns, was designated in 1947. Its purpose was to assist the decentralisation of housing and industry from Glasgow and from the congested areas of north west Lanarkshire. The New Town proved strikingly successful in accommodating overspill population from the city areas and its decentralisation task was rapidly fulfilled. The New Town is now Scotland's sixth largest town with a population of around 70,000. On present policy, the Development Corporation will begin to be wound up when the population reaches 74,250 - probably in the early/mid 1990s. The New Town will then be gradually reintegrated into the mainstream of local administration. As the Town moves towards maturity and completion, the Development Corporation's primary function now lies in promoting the continued economic development of the Town and in ensuring that the needs of a balanced community are adequately catered for. In this way, the Corporation aims to hand over to the successor authorities a viable and vigorous asset.

The Corporation's priority tasks for the medium term are

- i. to develop land to the south and west of the Town to ensure adequate provision of high technology sites and land for general industrial purposes;
- ii. to encourage a wider range of commercial and business support services;
- iii. to provide infrastructure necessary for the release of land for major private housing development in the north of the Town;
- iv. to facilitate completion of the Town Centre in order to provide an extensive range of commercial and recreational facilities.

Cumbernauld

Cumbernauld New Town was designated as the second overspill town for Glasgow in 1955. By the 1970s its role, like East Kilbride's, had changed to one of economic growth. The New Town's primary function now continues to lie in attracting investment to Scotland, contributing to the regional economy, and assisting the creation of a balanced community. The Town currently has a population of some 50,200.

The Corporation's main aims over the medium term are to reduce youth unemployment in the Town; to increase skilled job opportunities; to modernise outdated public sector housing; and to meet the perceived need for hotel, shopping and recreation facilities. The Corporation has drawn up detailed plans for a major private housing, hotel and recreational development to the north east of the Town and office space is to be provided in the Town Centre, improving facilities and employment opportunities. The Corporation also intends further to exploit its central location to attract retail distribution and warehousing developments whose employment potential bears comparison with many manufacturing processes. The Corporation is also committed to continued improvement to the environment of the Town, through landscape and forestry provision.

Irvine

Irvine was designated in 1966 specifically to support incoming industry. It is the only Scottish New Town to be built upon existing communities. Irvine's population now stands at around 57,750.

The principal problems in the area are high unemployment and a poor urban environment. Unemployment figures for the New Town have persistently been higher than those for Strathclyde or Scotland as a whole. Large areas of the New Town, built before designation, are unattractive and there are gap sites and empty buildings in the older centres. These aspects of the Town indicate a lack of economic buoyancy and inhibit investment.

The Corporation aims to attract new jobs to the area by providing the range and choice of sites and buildings to attract investors. The identification of industrial sites suitable for high technology is a priority. Over the years 1981/82-1984/85, inward investment in Irvine in high technology projects created and safeguarded over 3000 jobs. The continued attraction of mobile projects is clearly vital to the Corporation's efforts to reduce unemployment and to stimulate economic growth in the Town. The Corporation has also initiated a series of projects to improve the attractiveness of the Town by land reclamation, landscaping and by the infilling of gap sites with new buildings. Considerable progress has been made in upgrading the Beach Park in particular; and further developments to enhance the recreational and tourism facilities in this area are planned. The eradication of derelict land in the town centre is a key medium term aim.

SECTION 9E.3 DEVELOPMENT MEASURES

COMMUNICATIONS

3.1 Strathclyde Regional Council, as the local highways authority, is responsible for most of the roads network within the profile area except for those parts which fall within Central and Dumfries and Galloway Regions. Strathclyde Passenger Transport Executive, as agent for Strathclyde Regional Council, oversees the day to day provision of public transport throughout the area, and is responsible for the operation of Glasgow's bus and underground services. Bus services are operated by the Scottish Bus Group throughout the area. The Strathclyde Regional Council also heavily supports rail services which are operated by British Rail.

3.2 The overall transportation objectives are:-

- to discriminate positively in favour of disadvantaged groups and Regional Priority Areas eg Joint Economic Initiative Areas;
- to assist the movement of freight and commercial traffic and provide access to the work force;
- to protect the environment and promote safety in the transport system; and
- to provide access and mobility to meet personal needs.

3.3 All schemes are evaluated against overall policies rather than a strict economic rate of return. For example, new roads projects require the following factors to be assessed:

- an assessment of structural condition;
- significance to regional employment and deprivation strategy;
- effects on road safety, the environment, pedestrians and cyclists and public transport; and
- revenue budget implications.

3.4 The general transportation policies are:-

- a. First consideration will be given in the allocation of transportation resources to the needs of areas identified as having priority for economic or social regeneration;
- b. Efficient use of the existing roads and public transport systems, will be promoted;
- c. The local environment will be improved by means of traffic management measures and minor road works. In the development of traffic management schemes priority will be given to public transport where this is compatible with the other aims of the schemes;
- d. Public roads, footways, lighting, public transport vehicles, depots and terminals will be maintained in a serviceable condition;

- e. Major capital investment will be justified by cost benefit analysis except in special circumstances which may be approved, for example, in relation to the disadvantaged or rural areas;
- f. Revenue expenditure will have regard to the social benefits achieved relative to cost taking account of special circumstances as referred to above;
- g. Renewal or refurbishment of capital assets will be evaluated against known future requirements, operational and social benefits, obsolescence, life expectancy, alternative options and the financial consequences for the revenue budget;
- h. Depots, workshops and garage facilities will be rationalised and improved as necessary to meet changed operational requirements and to improve safety and working conditions for staff;
- i. Attention will be paid to the needs of the disabled in the design and implementation of roads and public transport schemes and traffic management measures; and
- j. Roads and public transport schemes and traffic management measures will cater, where appropriate, for the particular requirements of pedestrians and cyclists.

Roads

3.5 The specific policies in relation to the roads network are:

- a. Strategic Roads Network Objectives
 - i. The strategic roads will continue to be developed and improved with particular regard to those schemes identified in the Structure Plan; and
 - ii. The strategic road programme will be complemented by other road schemes designed to allow the better use of the strategic road network - primarily for the benefit of freight, industrial and commercial traffic.
- b. Local Objectives
 - i. Road schemes necessary to give environmental relief and to improve or facilitate access to and within preferred areas for housing, industrial, commercial and other development will be promoted;
 - ii. Local restrictions on the movement of goods vehicles (such as height, weight and width restrictions) will continue to be removed where appropriate by strengthening or replacing bridges and other road and marine works; and
 - iii. Ferry facilities will continue to be improved where socially or economically justified.

3.6 Large road schemes which may commence in the period to 1990 are as follows:-

Projects over £1 m	Estimated Cost (£m)
Irvine-Kilmarnock, A71, Phase 3	15.7
Bonhill Improvement, Alexandria	4.4
Dumfin Bridge, B831	1.2
Milngavie Allander Toll, A807	1.2
Torrance Bridge, Torrance, A807	1.1
Bantaskin Street/Skaethorn Road	1.4
Nitshill Road, A726	3.7
Swinton, Phase 1 and 2, GFS	1.2
Airdrie Town Centre Relief Road	2.1
Bellshill Main Street Bypass	4.2
Muir Street, Hamilton	1.9
Johnstone Bypass (Lincrive and H/M)	4.6
Spiersbridge Junction, A726/B769	1.7
Kilmarnock-Hurlford, A71	1.0
Carfin to Holytown A723	6.0
Barrhead Main Street, A736, Phase 4	1.5
Kirkintilloch Town Centre Relief Road	6.5
Stonehouse Bypass, A71	5.0
Dykebar-Lonend, Paisley, A726	1.3
Johnstone Bypass, A737	20.3
Newmilns Relief Road, A71	4.8
Ayr Road Route, Phase 1	28.4
Cathkin Relief Road	4.6
Motherwell Town Centre Roads, Phase 2	2.7
East Kilbride Northern Distributor	3.0
Paisley Ring Road, West Flank	3.4
Bishopbriggs Relief Road	5.0
Kirkintilloch Link Road	7.5
Ayr Road Route, Phase 2	6.0
Hamilton Road Route	32.1
East Kilbride Southern Distributor Phases 6A-6B	1.0
Paisley Ring Road, North Flank	3.0
St James Interchange - Paisley	9.5
Darvel Bypass, A71	5.1
Dalry Bypass, A737	4.4
South of River Clyde Proposals - Glasgow	5.7
Townhead - London Road Link	28.5
Yoker Relief Road, Glasgow	5.5
A71 Improvements (Lanark Division)	1.1
Strathaven Bypass, A71	5.7
Eaglesham Bypass	7.4

Note: Projects already included in Glasgow NPCI have been excluded from the above list

3.7 The trunk road programme carried out by the Scottish Development Department, will concentrate on comprehensive improvement to the important A82 tourist route along the side of Loch Lomond, on improvements to the A77 (which connects West Central Scotland with the ferry ports of Stranraer and Cairnryan) and the A76 in Ayrshire, and on a number of major schemes on the M8 and M80 motorways. In addition, some schemes on less heavily trafficked trunk roads in the West Central area are planned. The full programme of possible starts is:-

Major Projects over £1 m**Estimated Cost (£m)**

A73	Hyndford Bridge	2.25
A74	Elvanfoot	6.10
M74	Maryville - West of Fullerton Road	26.40
A76	Carronbridge Diversion	1.28
A76	Cumnock and Auchinleck Bypass	6.70
A76	Mauchline Bypass	2.95
A76	New Cumnock Bypass	5.90
A77	Ardmillan	1.50
A77	Ayr Road Route	12.70
A77	Balsalloch - Balcreuchan	3.20
A77	Bennane Hill Bypass	2.00
A77	B764 - M'Heugh (Dualling)	12.90
A77	Fenwick - B764 (Dualling)	10.20
A77	Maybole Bypass	4.70
A77	S/Bannantrae - Auchencrosh	4.00
A78	Ardrossan - Saltcoats Bypass	6.60
M8	Baillieston - Shawhead	17.21
M8	Shawhead - Newhouse	9.94
M8	St James Interchange	8.00
M80	Cumbernauld - Haggs	29.69
M80	Stepps Bypass	11.05
M80	Stepps - Cumbernauld	14.82
A82	Arden - Auchentullich	1.72
A82	Auchendenan - Arden	1.50
A82	Hollybank - Tarbet	1.87
A82	Kilbowie Roundabout	2.20
A82	Luss Bypass	4.50
A82	Luss - Camus Nan Clais	6.50

The New Town Corporations of East Kilbride, Cumbernauld and Irvine also has joint responsibilities with Strathclyde Regional Council for road projects. In East Kilbride a new traffic management scheme including interchange facilities is being implemented in the town centre. Implementing the town's southern distribution road, a northern distributor bypass road is planned.

Public Transport

3.8 The public transport system in West Central Scotland is an asset of critical importance to the area. In the 25 years prior to 1982 the demand for public transport has

been steadily falling but since then the decline in patronage has ceased, as indicated in the table below.

Number of single passenger journeys

million

MODE	1980-81	1981-82	1982-83	1983-84
Buses	353.3	331.0	311.9	312.5
Underground	10.3	10.8	12.1	12.4
Local Rail Services	48.6	43.6	40.9	40.2
TOTAL	412.12	385.4	364.9	365.1
% Loss compared with previous year		-6.5	-5.3	0

Rail

3.9 The suburban rail network in Strathclyde is the largest in Great Britain outside London and is the largest supported by any local authority. The electrification of the Glasgow to Ayr and Ardrossan line is currently under construction. Further major electrification schemes to Largs and East Kilbride should take place in the Programme period, including a proposal for a spur line into a new town centre station at East Kilbride. There will also be considerable investment in railway rolling stock, and, in particular, diesel units between Glasgow and Kilmarnock costing approximately £2 million and the purchase of 30 new, or the refurbishment of 30 existing, electrical multiple units (EMU's) for the expanded Electric network costing around £30 million. Continued extension of the electrified rail network, in a form compatible with existing systems, will allow a greater flexibility of use of traction and electric passenger trains over a much wider area, with the provision of many more through services. This is of particular benefit for freight users in the area, improving access to all the major centres in the United Kingdom and the European Community. There is an ongoing programme of station building, refurbishment and modernisation of passenger facilities being undertaken jointly by British Rail and Strathclyde Passenger Transport Executive. The aim is to ensure the continuity of the present levels of service by encouraging travel and thus achieving a growth in revenue, whilst at the same time improving the quality of service to enhance the general image of the area. With regard to rail services the Ayrshire Districts particularly Warnock and Doon Valley and Kyle & Carrick District Council are seeking the re-introduction of a goods service to cater for open cast coal development planned for a fairly extensive period in the south east of Strathclyde Region.

3.10 The main objectives will be to:

- ensure the future of the existing rail network;
- modernise and invest in new rolling stock, track and signalling, modern trains, stations and servicing depots to retain and attract new business (a 3% annual growth of passenger carryings is expected);

- extend electrification increase the competitiveness of rail services vis-a-vis buses and private cars; and
- reduce costs and subsidies by 33% and given better value for money.

Projects over £1 million

Estimated Cost (£ million)

Track and signalling at Garrowhill Junction (Motherwell)	2.1
Track and signalling: Ayr-Stranrear	5.4
Electrification: Carstairs to Edinburgh	1.6
Electrification to East Kilbride	7.5

Bus Services

3.11 The UK Government's White Paper Cmnd 9300 'Buses' contains proposals which aim to stimulate the bus market by the introduction of more private sector competition. It is not possible to project public sector investment on bus infrastructure until the future shape of bus services which emerge from the White Paper is known.

The Underground

3.12 The Glasgow Underground is the only passenger-carrying tube line outside London and public patronage has been steadily increasing over the years. Further developments to the underground system aimed at improving its ability to compete for passengers will take place in the Programme period with additional rolling stock being purchased at a cost of approximately £1.5 million.

WATER AND SEWERAGE

3.13 Water supply, sewerage and sewage disposal is mainly the responsibility of Strathclyde Regional Council. Their 2 key aims are basically service orientated; to ensure an adequate supply of potable water and the provision and modernisation of the means to dispose of soiled waste. The activities of both services are largely determined by their reactions to demand and the modernisation requirements of their systems. About 80% of the water and sewerage annual capital budget is for modernisation of the existing system. This figure of 80% reflects the generally adequate level of water supply, and the impact on demand of a declining population and industrial base. There is a major need for renewal investment if the quality of the services is to be maintained.

3.14 In both water and sewage disposal, a rational planning of services requires a detailed assessment of the condition of their underground infrastructure. Initial studies carried out by Strathclyde Regional Council suggest that somewhere between 4% and 30% of Glasgow's total sewage and water supply pipe system may require to be renewed over a medium term period, at a total cost of between £60 million and £350 million. Current modernisation expenditure runs at about £2 million per annum. In addition stringent statutory and voluntary water quality standards (including EC standards) may increase the expenditure required. Strathclyde Regional Council would not wish to embark upon major capital investment without a much clearer picture of the nature and scale of the requirements for renewal of the system. In the first instance, therefore, water and sewerage schemes in the Programme period to 1990 will concentrate on shorter term improvements to the system.

3.15 There will be projects to develop the strategic water and sewerage network and also projects to improve local infrastructure. Both categories contain the following types of scheme:-

- system improvement eg, by the construction of relief sewers;

- introduction of new technology eg, by the replacement of manually operated water valves with electricity operated valves; and
- increasing efficiency eg, by the modernisation of water and sewage treatment works.

3.16 In addition, water projects are included with the objective of water quality improvement (to meet EEC Regulations (80/778/EEC) which became operative in July last year) eg by the roofing of reservoirs; dealing with lead pick-up and ensuring complete reliability of disinfection.

3.17 Furthermore, there will be a need to make additions to the water and sewerage systems, ie, new works and connections, to serve new industrial developments. One of the major influences on the Water Department's immediate and longer term spending priorities is the requirement to comply with the European Community Directive on the Quality of Water Intended for Human Consumption (80/778/EEC) which came into force on 15 July 1985. This Directive applies to water quality at the consumers' tap including water used in the manufacture of food and drinks. It imposes mandatory quality standards in all EC Member States from the above date. Inability to comply with these standards by July 1985 required the submission of applications for derogations (temporary or permanent exemptions) and/or delays) to the Scottish Development Department, and submission in respect of delays had to be accompanied by a proposed phased remedial programme giving the associated costs. It is the Water Department's aim to eliminate all delays and derogations within the next 10 years.

3.18 The importance of the microbiological quality compliance is such that a programme of disinfection plant installation is already underway throughout Strathclyde with a scheduled completion date of July 1987. In some cases modifications to existing installations will suffice, in others new installations are needed as none exist at present. The capital cost of these installations is estimated at £1.9 million and the additional chemical operating cost of £37,000 pa.

3.19 Much work is also required to conform to chemical parameters and for improving treatment installations. For example, the correction of alum problems is phased over 10 years from 1985. Since many of the works in question are very old they require either complete renewal or major refurbishment with the provision of additional treatment stages. The estimated cost of this 10 year programme for the whole of Strathclyde is in excess of £100 million and this does not include the cost of any mains renewal or refurbishment necessary to meet the Directive arising from corrosion or deposition of alum, iron, manganese within old mains. Although considerable work has already been undertaken by the Water Department in recent years to tackle the problem such as replacement of lead communication pipes and reducing plumbosolvency of the supply by the addition of chemicals such as lime etc, much has still to be done at considerable cost. Other factors which currently have an important bearing on the Water Department's capital spending priorities include:-

- a. the introduction of new technology, particularly in relation to telemetry and automation control; and
- b. the improvement of response times to complaints from consumers and bursts.

3.20 In Dumfries and Galloway, the Regional Council are likely to pursue improvements to the water supply and drainage system at Wanlockhead and to renew the sewer at Sanquhar.

3.21 Major projects which may commence in the period to 1990 include:-

Projects over £1 million

Water

Developments at Loch Bradan
Penwhapple Water Treatment Works
Muirdykes Water Treatment Works
Glasgow Trunk Mains - Valve Replacement
Area-Wide-Schemes:-

Upgrading Treatment Works to meet EEC Directive (80/778)
Reservoir Repairs and Improvements
Housing and Industry Site Mains
Lead Pipe Renewals
Reconditioning of Distribution Mains
Provision of Area Depots

Sewerage

Symington Outfall Sewer
Cumnock Sewage Works
Stevenston Relief Sewerage Scheme
Troon-Barassie Pumping Station and Rising Main
Irvine-Harbour Pumping Station and Rising Main
Dumbarton Main Sewer
Glasgow-Avenue End Road Sewer
Brock Burn Flood Relief Scheme
Daldowie Sewage Works, Phase 2
Coatbridge Sewage Works, By-pass sewer
Swinstie Sewage Works Extension
Paisley Sewage Works Inlet
Renfrew Sewerage Scheme
Greenock Sea Outfall
Greenock/Gourock Intercepting Sewer Phase 1
Lochwinnoch Sewage Treatment
East Kilbride Stewartfield and Arrotshole
East Kilbride Kelvin South

VOCATIONAL TRAINING

3.22 There will be a need to re-train the workforce of West Central Scotland in the newer technologies. A more skilled workforce will enable the area to be more competitive in attracting new firms. Further community-based measures could help to alleviate the problems associated with high concentrations of unemployment. Strathclyde Regional Council and other public agencies will direct efforts to stimulate community business, to develop local training initiatives and to provide facilities for the unemployed. Failure to create more permanent jobs, and to tackle the rise in adult as well as youth unemployment, will increase deprivation in the problem areas.

3.23 Training is funded through a variety of organisations. Strathclyde Regional Council is the authority responsible for providing further education facilities for most external training in manual and non-manual skills. The Manpower Services Commission (MSC) has a strong orientation towards meeting the needs of the young unemployed, and operate a number of special programmes including the Youth Training Scheme (YTS). Increasing emphasis is being given by both of these authorities towards retraining the increasing

number of long-term jobless, for example MSC's Community Programme. Both authorities are also giving assistance to local firms wishing to provide their workers with new skills. Private firms also operate their own training establishments.

3.24 Strathclyde Regional Council intend to upgrade vocational training facilities in the West Central Area including buildings and major items of equipment and machinery. These facilities will be used to support vocational training schemes aimed at helping private sector firms train for new technology and assisting the unemployed to acquire new skills.

3.25 Strathclyde Regional Council caters for over 78,000 students per annum in 20 Further Education Colleges in Strathclyde. Between 60% and 70% of these students are following vocational training courses. These vocational training courses are either advanced level courses in technical subjects or non-advanced courses, which are an integral part of training provided by the trainee's employer and are undertaken on a day release, block release, sandwich or short full-time basis. Others are full-time and are geared to the requirements of future employment. Skills covered include engineering (including the high technology electronics sector), construction, distribution, business studies, nursing and catering.

3.26 Strathclyde Regional Council has received priority from the ESF, for funding of projects in these colleges to help certain categories of trainees in Further Education Colleges:

- the "New Start" Programme (Youths) gives vocational training to young people who were previously unemployed or who have given up a job because their prospects were limited by their lack of qualifications. The types of training included in the programme are all aimed at training young people for jobs requiring the use of new technology; and
- the "Linked Work Experience and Training for School Leavers" project offers vocational training to young people in their first year after compulsory education, in skills which are in demand, and includes work experience or simulated work experience.

3.27 Together, these schemes provided around 4,500 training places in 1985. Expansion of courses supported by the ESF in new technology fields will be linked to re-investment in new equipment.

3.28 Strathclyde Regional Council is also receiving ESF support for 2 schemes to provide grants to private firms for training of their employees. One scheme provides grants for around 600 trainees to assist firms in the introduction of new technology or new management techniques. Most training programmes support under this scheme involve off-the-job training. In many cases, this is being provided by further education colleges, usually with specially tailored courses and including training in new technology applications. The second scheme provides grants for training 150 young people to obtain recognised qualifications in skills requiring the use of new technology. In order to meet this demand, it is necessary for colleges to maintain their investment in new equipment.

3.29 A third area of activity supported by the ESF is the provision of training through local and community groups for long term unemployed adults and disabled people of all ages to enable them to compete for jobs. Strathclyde Regional Council operates a regionwide scheme of 2,000 places to provide introductory training in relatively low-level vocational skills. Training typically lasts 100 to 200 hours, and is provided at education facilities outside college, or in community facilities. A number of individual schemes associated with particular community groups are also being supported, involving more substantial periods of training. All these programmes are increasing the demand for training facilities in new locations related more closely to areas of high unemployment. Building projects to expand such facilities will be undertaken in the period to 1990.

3.30 The only large vocational training scheme programmed is at Cambuslang College which is already covered in the Glasgow NPCI.

INDUSTRIAL DEVELOPMENT

3.31 In general, the development of industrial estates will occur within the joint economic initiative areas. Certainly, the priorities of Strathclyde Regional Council will be focussed in these areas. Other bodies, and in particular District Councils and New Town Development Corporations will be active in promoting industrial development in their own areas.

3.32 Within Inverclyde District the decline in employment has been principally in shipbuilding and marine engineering. In 1977, these industries provided employment for over 10,000 but only 3,500 in 1985. The major employer in this sector Scott Lithgow have been shedded labour with current redundancies of around 1,000 liable to reduce the workforce to about 1,500.

3.33 Inverclyde District Council have identified the following obstacles to achieving the development objectives outlined in section 2 of this profile. These include the poor image of the district resulting from the presence of run down and derelict sites, lack of suitable premises for new developments, the absence of effluent treatment and the poor condition of quay walls and river frontages. The action proposed by Inverclyde District Council to promote industrial development is found within the Inverclyde Initiative (see paragraph 2.9iii). The focus will be to provide suitable sites for new-starts, expanding companies and inward investment.

3.34 The development of Clydebank is limited more by physical constraints and land shortages rather than by any other set of forces and therefore the achievement of local objectives will involve redevelopment within the existing built-up area. Major infrastructure provision, in terms of roads, transport facilities and the usual public utilities, already exists and it is likely that only relatively minor improvements to serve redevelopment proposals will be necessary. Many of the principal projects are being carried out within the framework of the Clydebank Area Initiative. Clydebank District Council, will continue to provide sites and premises for small and medium sized enterprises to meet the social requirements for jobs in an area where traditional industries have declined. The Council is also committed to complete the redevelopment of Clydebank Town Centre. The main projects are libel to include further development of the Riverside Industrial Estate and the redevelopment of the former asbestos work. The land has already been cleared and made 'safe' using ERDF non-quota shipbuilding resources.

3.35 The action proposed by the City of Glasgow District Council is set out in the National Programme of Community Interest for Glasgow and is not repeated in this document.

3.36 Renfrew District Council will continue to provide new or modernised factory and workshop space to encourage new businesses and expansion of existing firms, particularly in growth sector industries. Businesses will also be encouraged to adopt new technology with a view to improving efficiency. In particular, the Council are liable to pursue further developments at Inchinnan a high amenity industrial estate next to Glasgow Airport, the development of a high technology site at Erskine, the promotion and implementation of the Abercorn Industrial Improvement Area, Paisley, and a phased programme of small workshop provision throughout the District to meet demand (particularly for start-up businesses).

3.37 There is an inherent need for the establishment, fostering and development of small and medium sized businesses in Cumbernauld and Kilsyth District. The local enterprise agency (CKET) has a full support service for training and business development services for enterprise. A logical extension of this activity is the creation of small industrial units and the conversion and sub-division of large industrial premises to cater for small and medium

sized enterprises, innovation and technological development. The new town of Cumbernauld which is situated within the district has already been identified as a growth point for manufacturing and service industry and with the assistance of ERDF grants has been successful in attracting inward investment to the area. Cumbernauld Development Corporation intend to pursue this successful policy by maintaining the supply of serviced sites and industrial buildings including new construction and/or refurbishment of existing factories where appropriate. In particular, projects will be promoted to attract high technology and distribution companies, aviation and service industry associated with the extension and improvement of the town airfield and assisting in settling up small businesses and self-help initiatives promoted by Cumbernauld Development Corporation.

3.38 Monklands District Council will take the opportunity to reserve and service sites for further industrial development and to promote Monklands as an area for new development and expansion of existing firms. In recognition of their increasing employment potential, the Council will encourage the growth of mobile service industries. The policy will be to permit wholesale or distribution outlets but exclude retail from industrial areas. Monklands District is well located and served by motorways to attract national distribution networks. For example, Boots have recently announced their intention to locate a major distribution centre in the District. Despite seeking to attract service industry with a choice of location the main priority will still be to attract and promote indigenous manufacturing concerns. Within industrial areas, the Council will consider favourably proposals for the sub-division of vacant factories to provide premises for small firms. Most of the action will be undertaken jointly with Strathclyde Regional Council and the Scottish Development Agency within the framework of the Coatbridge Project (see paragraph 2.9ii) however the Council will seek to provide workshops and services sites in Airdrie and the villages as well as continuing to improve the environment throughout the District.

3.39 Strathkelvin District Council is committed to taking all practical measures to assist the development of indigenous industry and whenever possible endeavours to attract new light and service industry to broaden the employment base. The Council has concentrated resources on the provision of small units and serviced industrial plots. A range of sites and premises have been provided throughout the District. Work has recently been completed on the rehabilitation of a 0.7 hectare site at Bridgend, Moodiesburn. Further resources have been allocated for the development of serviced industrial plots in this location. The Council has identified 54 hectares of land for industrial development with the District. Many of these sites are derelict or are in a degraded condition, lacking adequate infrastructure provision. Substantial resources will be required to remove these constraints. The Council supports the Strathkelvin Enterprise Trust.

3.40 Hamilton District Council aim to create new industrial estates at Whistleberry Road and Park Burn. The recent declaration of 2 industrial improvement areas at Burnbank/Blantyre and Birkenshaw, Larkhall, will with the support of the Scottish Development Departments Urban Renewal Unit, make funding available over a 3 year period to many of the District's indigenous companies. Consultations are taking place with a view to formal establishment of an 'Area Initiative' which will provide an integrated approach to developments in the District (see paragraph 2.9x).

3.41 In encouraging new investment and job creation, Clydesdale District Council provides serviced sites and premises. In supporting a major initiative for Lanarkshire as a whole the Council recognises the contrasting employment characteristics of their District in an area which is essentially rural. The Council is particularly concerned to provide more opportunities for many residents who commute to the north to find jobs in their local areas, particularly when threatened with redundancy through closures in the traditional industries, in particular, steel. It is part of the District Council's policy to continue its programme of small unit development in the towns and villages of the District. Joint action with other agencies will be important. The Council is anxious to see the development of industry associated with the recent M74 extension from Douglas to Blackwood. The Milton Industrial Estate which adjoins the four leg intersection as Lesmahagow is ideally situated for

development. The Council have also been a sponsor of the Lanarkshire Industrial Field Executive (LIFE).

3.42 Cunninghame District Council has embarked in recent years in a series of initiatives to tackle unemployment and economically regenerate the area. Together with Irvine Development Corporation and the Scottish Development Agency, major building programmes have been undertaken in the New Town, Garnock Valley, as part of the SDA's Garnock Valley initiative and now in support of the Garnock Valley Development Executive, Stevenston and Saltcoats. In addition, a wide range of measures have been taken to promote business development, a number of which has been assisted by ERDF (Non Quota). The District Council has now reviewed the supply of industrial land and buildings and concluded that there will be a need for some extension of existing sites at Ardrossan and action to meet locational deficiencies at Dalry. The Council will continue to seek the support of the Scottish Development Agency, and Strathclyde Regional Council in meeting the deficiency. There are a number of major industrial plants which, following closure in recent years, have become derelict. The Council intend to convert and upgrade one such major building in its ownership to provide new accommodation from SME's. In addition, the Council will pursue the provision of upgraded site services. Within Irvine New Town, Irvine Development Corporation maintains an extensive supply of serviced sites and factories, including workshop complexes for small companies. The Corporation has presently embarked on a programme to provide new factories for high technology companies.

3.43 Kilmarnock and Loudoun District Council's involvement in industrial development will continue to be channelled primarily through the Kilmarnock Venture (see paragraph 2.9iv). The Council can be expected to expand the Netherton Business Centre. Consideration will also be given to marketing cleared industrial land in the South Central Kilmarnock area for industrial development funded by the private sector. The main industrial regeneration is likely to be spearheaded by the Scottish Development Agency at the Glencairn Industrial Estate. The Agency will also be attempting to re-use part of the former Massey Ferguson plant on the southern outskirts of Kilmarnock. The Council, and its partners in the Kilmarnock Venture, are currently trying to identify a major greenfield site in the Kilmarnock area.

3.44 Cumbernauld and Kilsyth District. There is an inherent need for the establishment, fostering and development of small and medium sized businesses in Cumbernauld and Kilsyth District. The district is in a special development area and the local enterprise agency has a full support service for training and business development services for enterprise. A logical extension of this activity is the creation of small industrial units and the conversion and sub-division of large industrial premises to cater for small and medium sized enterprises, innovation and technological development. The New Town of Cumbernauld has already been identified as a growth point for manufacturing and service industry and with the assistance of ERDF Grants has been successful in attracting inward investment to the area. The Cumbernauld Development Corporation intend to pursue this successful policy by maintaining the supply of serviced sites and industrial buildings including new construction and/or refurbishment of existing factories where appropriate. In particular, projects will be promoted to attract high tech and distribution companies, aviation and service industry associated with the extension and improvement of the town airfield and assisting in setting up small businesses and self-help initiatives promoted by the Cumbernauld Development Corporation.

3.45 East Kilbride has been and will continue to be a desirable locus for both manufacturing and service industries. The Peel Park Campus (net 27 hectares) is providing industrialists with high quality, low density and high amenity sites. The Kelvin South area (approx 25 hectares) is designated for industrial expansion and requires a considerable infrastructural commitment. There is an active programme of refurbishment of older factory stock as part of the policy of the continuing attraction of industry particularly at College Milton, Nerston and Kelvin Industrial Estates.

3.46 Dumfries and Galloway Regional Council and Nithsdale District Council attach importance to attracting manufacturing industry to their area to widen the economic base. It is possible that site servicing and workshop developments may be promoted in the period to 1990.

3.47 Stirling District Council provides encouragement for small workshops, high technology and office accommodation which could be suitable in the Dumgoyne area. The council also actively encourages new industrial developments and job creation enterprises.

3.48 Dumbarton District Council is committed to a programme of industrial development and has recently completed the last phase of a new factory development in the Broadmeadow Industrial Estate at Dumbarton. The new units are now all occupied only some months after their completion and this is testimony to the need for this facility within the area as an albeit small counter-balance to the continuing run down in the traditional manufacturing employment base of the area. The District Council will continue to seek opportunities for further small scale factory developments of this nature which, in conjunction with its membership of the newly formed enterprise trust, and its recently widened programme of financial assistance to new businesses taking up Council built units will ensure a future commitment to operate an active industrial development and promotional programme. The District Council has also identified some 27 hectares of land which has been allocated for industrial development, a small proportion of which has been reserved in the first instance for a single user. Dumbarton District Council are actively engaged in discussions to replace the recently closed Skill Centre facility located in Dumbarton, and it is hoped that the building may be taken over and operated by a consortium involving the District Council.

3.49 Cumnock and Doon Valley District Council in 1982 in a formal report to both Strathclyde Regional Council and the Scottish Development Agency, drew attention to the serious problems of unemployment and population loss, both of which have worsened with further pit closures and the continued contraction in deep mining in the District. Cumnock and Doon Enterprise Trust (see paragraph 2.9vi), was established as one of the measures recommended at that time, and a co-ordinated approach is now well established to industrial development and promotion in the District. A much needed workshop unit programme is essential to meet the employment needs of the area, particularly in response to the job potential now being created by the local enterprise trust. In addition the District Council is seeking support from the Regional Council and the Scottish Development Agency in the implementation of the recommendations made in the economic review.

3.50 Motherwell District Council is committed to tackle unemployment, retain existing jobs and pursue new employment opportunities. The Council will promote programmes of investment and activity aimed at ensuring, an adequate supply of land exists to accommodate all future development and employment opportunities, that constraints are overcome, that a range of new and refurbished buildings is provided to satisfy estimated market demands, that sufficient appropriate information, advice and business support is provided, that investment opportunities are supported, pursued and marketed, that the performance of the local economy and the effectiveness of measures are monitored and regularly reviewed. Together with physical activities aimed at improving the District's image, it is the Council's intention that its economic strategies and programmes succeed in building business confidence and creating jobs.

Environmental Improvements and Refuse Disposal

3.51 Throughout the profile area environmental improvements will be carried out by local authorities and the Scottish Development Agency. The main priority will be to improve the environment in the traditional industrial areas and, in particular, to reduce the unsightly impact of derelict industrial premises and sites, steel workings, disused shipyards and docks, and coal bings. Environmental improvements will be important in terms of improving image both for attracting new industrial investment and tourist developments. The proper and safe

disposal of industrial waste is important to maintaining the quality of the environment. Action to be undertaken by District Council in the provision of landfill sites and other refuse disposal facilities will help to meet European Community policies on the environment. Centralizing of depots will help provide more efficient services in some areas. District Councils will also endeavour to ensure that industrial development opportunities are not restricted by lack of adequate waste disposal facilities. Within the period to 1990, Inverclyde District Council have identified the need for new and improved facilities for Greenock. A number of proposals will be implemented by Monklands District Council including a possible scheme to use recycled waste as an energy source. Clydesdale District Council have identified constraints to industry within their District through lack of disposal sites and will be looking to address this problem in the period to 1990. Action will be co-ordinated within the framework of the Motherwell Project (see paragraph 2.9(i)). The Nithsdale District Council attaches high priority to need to secure environmental improvement in the main towns in Upper Nithsdale (particularly Kirkconnel/Kelloholm and Sanquhar) as a pre-requisite to further development of the tourism industry in this area. The Nithsdale District Council currently have a project to provide a waste disposal site to the north west of Kirkconnel (estimated cost £60,000, programmed 1986/88).

Major Projects over £1 million

Estimated Cost (£ million)

Douglas Valley Colliery Bings

1.5

Energy

3.52 The South of Scotland Electricity Board will undertake to ensure that the supplies of electricity are adequate and provided in the right place for industrial development. Schemes which may be undertaken in the period to 1990 to include rationalisation, redistribution and refurbishment/re-enforcement of systems and networks to increase capacity or efficiency and the provision of new mains and sub-stations for new industrial estates. British Gas will provide new gas mains and increase capacity of existing pipelines to meet expected load growth from industrial development.

Tourism

3.53 The responsibility for tourism has now passed from the Regional Councils to District Councils. Within the profile area the authorities responsible for tourist development have been involved in promoting the area. Area tourist boards have been set up specifically to market and develop tourist potential. The profile area contains half the population of Scotland and local tourism is important. The greater accessibility by private motor car means that all tourist facilities within the area can be easily reached within a days return journey from other parts of the region and also from other parts of Scotland. In developing leisure and recreation facilities, local authorities target not only the immediate local population but much wider. There is the regional, national and international market. The overall aim is to make the area more attractive to tourists by increasing the range of facilities which offer more things to do and also extend the tourist season (eg weather independant and covered facilities). An example of the themes which are currently being pursued is the package of tourist projects within Strathclyde which were presented to the ERDF in 1985 which added to the first phase of the Paisley leisure centre which is under construction with ERDF assistance. The package included major tourist facilities at Saltcoats/Stevenston, Hamilton, Coatbridge and New Lanark (see map 23b).

3.54 The main themes for developing tourist involve:

- promoting the Firth of Clyde for seaside and water sport holidays;
- providing access to the countryside, through the development of countryside parks and promoting links with established long distance walks eg the West Highland Way, the Kelvin Walkway the Southern Upland Way and the Clyde Walkway;

- developing the industrial heritage (eg shipbuilding and sewing machines at Clydebank) of Central Scotland; and
- providing leisure and recreational facilities which will add to the stock of tourist orientated facilities available within the area.

3.55 A number of important developments are taking place at various locations throughout the area. While they are being promoted independantly by their sponsor authority, collectively they will allow the whole area to be marketed and promoted more effectively. The range of facilities becoming available within the Strathclyde area also fall within the national strategy promoted and encouraged by the Scottish Tourist Board (see paragraph 9A 3.14). The effect of tourist related development, improved leisure and recreation facilities and large prestige projects such as the Burrell Collection and the Scottish Exhibition Centre cannot be ignored in terms of the areas ability to attract large mobile inward industrial investments. Clean environment and leisure and recreation facilities are important factors in locational decision making by investment managers. Thus, spending on the provision of tourist related facilities can be directly linked to the efforts of local authorities, new town corporations; and central government and the Scottish Development Agency through Locate in Scotland to bring industry to the area. Tourist information centres at appropriate locations will also be important to providing information on the facilities available and to help with travel and accommodation arrangements.

3.56 There are a number of leisure and recreation projects which may be undertaken in the period to 1990. Any of these projects which are presented for ERDF funding will be presented in terms of benefit to tourism. Statistics will be provided to show the breakdown of expected patronage by national/international/regional/local use. The major projects which might proceed are as follows:

Projects over £1 million	Estimated Cost £ million
New Lanark	2.0
Chatelherault Country Park, Hamilton	1.2
Stevenston Ice Rink	2.1
Summerlee Heritage Park	1.7
Coatbridge Leisure Centre	3.5
Drumpellier Country Park	1.0
Monkland Canal	1.2
Swimming Pool Erskine	1.4
Paisley Leisure Centre (Phase II)	3.6
Clydebank Leisure Centre	5.3

SECTION 9E.4

CO-ORDINATION OF COMMUNITY FUNDS

4.1 Over the Programme period every effort will be made to make the most efficient use of UK National and European Community funds. The IDO Study report, referred to in para 2.4, identified the other Community Funds which would be asked to make a contribution towards the concept of developing an Integrated Development Operation. The main contribution apart from ERDF is expected to come from the European Social Fund but advantage will also be taken of assistance from the European Investment Bank, the European Coal and Steel Communities, Community Energy Funds and perhaps EAGGF for urban fringe projects and for food processing projects carried out under Regulation 355/77. Strathclyde Regional Council will make bids for EIB loans to support the roads and water and sewerage expenditure. ESF support will be important in relation to vocational training. In the absence of any mechanism for considering all these initiatives collectively, separate bids will be made to each of the Community Funds as appropriate during the Programme period.

European Social Fund

In 1985, Strathclyde Regional Council submitted 30 applications to the ESF for £10.5m. In 1986, 22 applications worth £9.5m will be passed. Details of ESF support for Strathclyde Regional Council are given in the section on vocational training (see paras 3.22-3.30). It is not possible to predict the level of ESF support given the uncertainty of funding and annual changes to the guidelines. The following types of schemes are covered by Strathclyde Regional Council's 1985 and 1986 applications:

Type of schemes (SRC)

Firm related training	1,000 places
Training for disadvantaged groups	3,000 places
Recruitment premiums	2,000 places
Vocational training in colleges	3,000 places
Business training	300 places

The European Investment Bank

4.3 The European Investment Bank (EIB) provides Community finance for industrial, energy and infrastructure investment. It raises funds on the world's money markets where it is a well known and respected borrower. It then uses these funds to make loans for investment projects which satisfy its criteria. The EIB is seen as having two major advantages as a source of finance for borrowers. First, its own status as a borrower enables it to obtain funds at the best possible rates. Second, it works on a non-profit making basis. For these reasons the Bank is able to offer loans at an advantageous interest rate.

The first loan that Strathclyde Regional Council received from the EIB was for £52m. This was used to finance the Shieldhall Sewage Plant, the Monklands Motorway, the Hunterston Water Supply Scheme and the Irvine and Garnock Valley Sewers. A further loan of £39m was negotiated with the Bank in 1982 and this was used to help finance predominantly roads schemes, including the A8 Port Glasgow Dualling, the Carmunnock By-Pass, the Springburn Road Re-alignment, the Townhead Interchange and the East Kilbride Expressway. The Prestwick - Monkton Comprehensive Drainage Scheme was also supported. In 1984 a £13m loan was agreed with the EIB. This loan covered road, water and sewerage schemes including Phase 3B of the East Kilbride Expressway, Shotts and Biggar Sewage Treatment Works, the Parkhead/Carntyne Relief Sewer, Barrhill Service Reservoir and Glassford Water Treatment Works. Further loans from the EIB are expected to be negotiated in the period to 1990, mainly from Strathclyde Regional Council.

TOURIST STRATEGY FOR STRATHCLYDE

Existing Tourist Facilities □

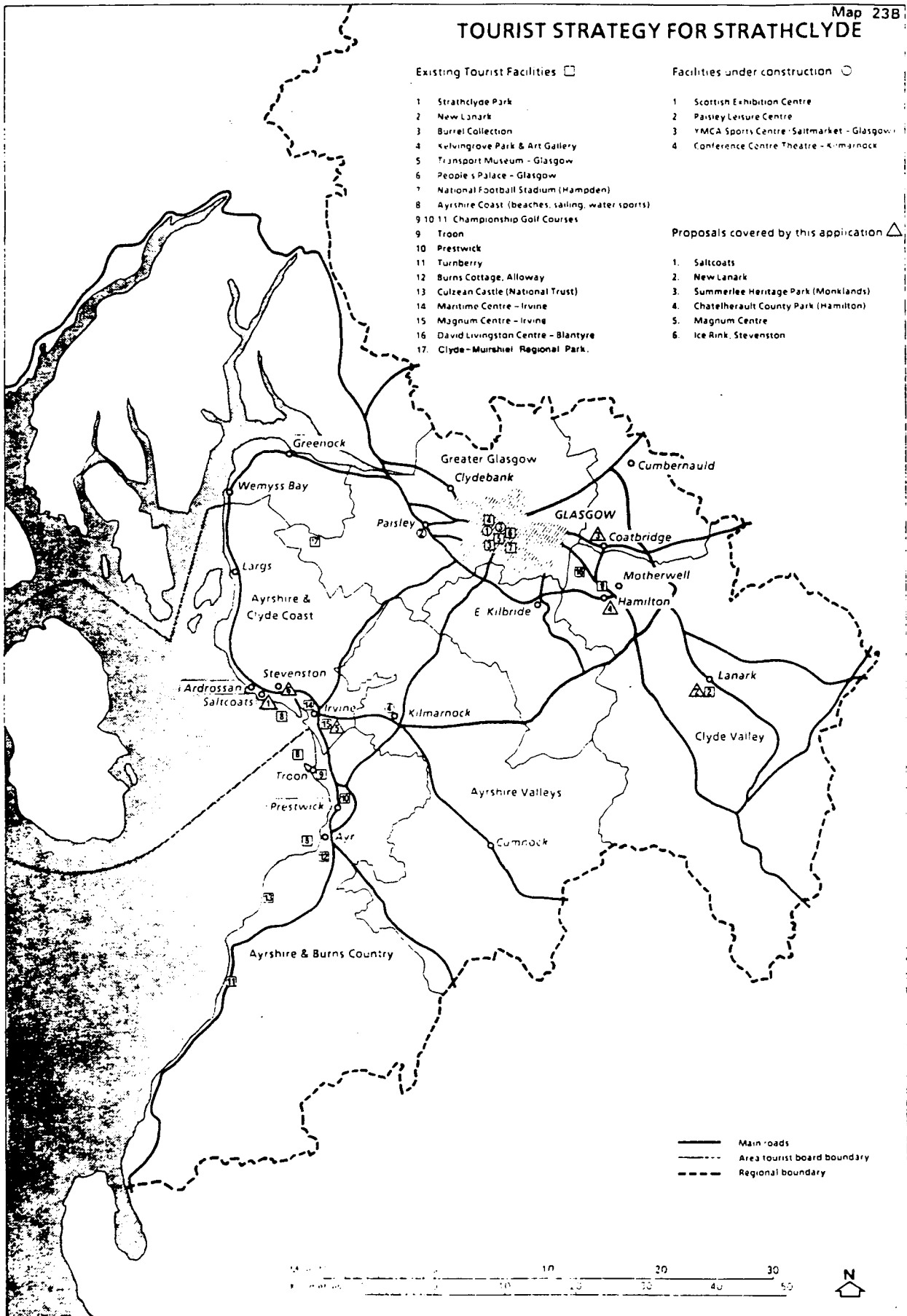
- 1 Strathclyde Park
- 2 New Lanark
- 3 Burrell Collection
- 4 Kelvingrove Park & Art Gallery
- 5 Transport Museum - Glasgow
- 6 People's Palace - Glasgow
- 7 National Football Stadium (Hampden)
- 8 Ayrshire Coast (beaches, sailing, water sports)
- 9 10 11 Championship Golf Courses
- 9 Troon
- 10 Prestwick
- 11 Turnberry
- 12 Burns Cottage, Alloway
- 13 Culzean Castle (National Trust)
- 14 Maritime Centre - Irvine
- 15 Magnum Centre - Irvine
- 16 David Livingstone Centre - Blantyre
- 17 Clyde-Murshiel Regional Park.

Facilities under construction ○

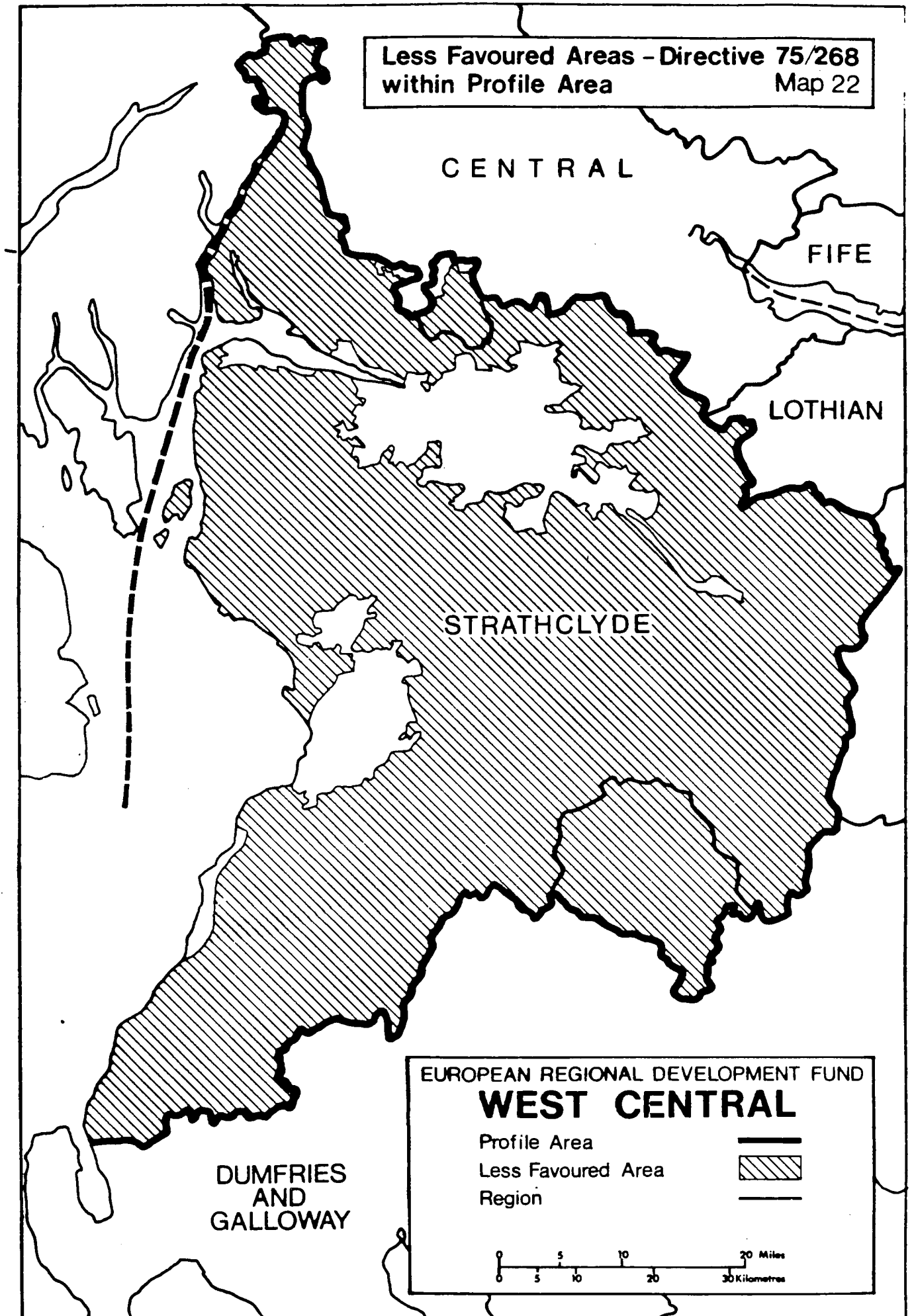
- 1 Scottish Exhibition Centre
- 2 Paisley Leisure Centre
- 3 YMCA Sports Centre - Saltmarket - Glasgow
- 4 Conference Centre Theatre - Kilmarnock

Proposals covered by this application △

1. Saltcoats
2. New Lanark
3. Summerlee Heritage Park (Monklands)
4. Chateaufort County Park (Hamilton)
5. Magnum Centre
6. Ice Rink, Stevenston



**Less Favoured Areas - Directive 75/268
within Profile Area**
Map 22



SECTION 1 - INTRODUCTION

1.1 The Programme is concerned with the provision of infrastructure for the economic development of Glasgow. It reflects the priorities and objectives identified in the preparatory study conducted during 1984 into the feasibility of putting into effect an Integrated Development Operation, which would result in the most effective use and co-ordination of UK National and European Community funds. The final report of this study was presented to the European Commission on 4 December 1984. The Programme will extend from 1 January 1985 to 31 December 1989. The total cost of the Programme is provisionally estimated at £244 million. This submission covers in some detail the first three years and the request for ERDF support as follows:

1985 £16,265,000

1986 £24,630,000

1987 £27,305,000

1.2 The broad objectives and strategy will remain constant for the five year period but specific projects, in particular, in years 4 and 5 will reflect spending priorities and changing circumstances. The strategy, of which this Glasgow Programme is a part, has been formulated in the expectation that the European Regional Development Fund will make a substantial contribution. The action proposed is complementary to the action being undertaken within the steel and shipbuilding non-quota programme under Regulations 2616/80 and 2617/80 as extended by Regulations 216/84 and 217/84.

GEOGRAPHICAL AREA COVERED

1.3 The Programme is centred on the City of Glasgow, essentially the area covered by the City of Glasgow District Council but some of the measures extend beyond the city boundaries since they have a major impact on economic activity in the city itself. The area is contained within the Glasgow Travel to Work Area. It has development area status and thus qualifies for the highest level of assistance under UK regional policy.

1.4 The City of Glasgow is the largest administration district of Strathclyde and forms the geographical and functional core of the Region. The City of Glasgow has a population of three-quarters of a million people. This accounts for 32% of Strathclyde Region's and 15% of Scotland's total population. It is a compact city, economical in land use terms, and provides ready access to the countryside. The Greater Glasgow

area forms the industrial heartland of Scotland, with 22% of the country's total employment. In 1983, this involved 412,000 jobs, with 75%(311,500) in the service sector and 24% (98,500) in manufacturing. The city itself is Scotland's principal commercial centre and one of the main retail and office centres in Britain. It forms the business hub of the west of Scotland, generating substantial investment and income.

ECONOMIC ANALYSIS AND DEVELOPMENT STRATEGY

1.5 The economic development of the Clydeside conurbation in the 19th Century rested on the coal, steel, shipbuilding and other heavy engineering industries. From a peak of success in the late 19th Century, the decline of this traditional industrial base has been a dominant influence on the development of Glasgow and a major factor in the area's high unemployment and slow growth. Steel making and heavy engineering still account for a quarter of total manufacturing employment which fell by 39% between 1971 and 1983.

1.6 The area has experienced considerable decline, losing over 80,000 jobs between 1971 and 1983. This decline has been heavily concentrated in manufacturing, with the service sector experiencing only modest contraction. The main industries suffering job loss have been steel and metal manufacture, shipbuilding, and mechanical and marine engineering. In the service sector, job gains were achieved in banking, insurance and finance, and professional and scientific services, with losses in construction, transport and retailing.

1.7 Job losses have followed from a decline in orders for traditional products, from lack of investment, from competitive pressures to restructure, and from corporate decisions taken elsewhere. New jobs have come almost exclusively from the expansion of existing firms within the city. Job decline has also caused a rapid rise in the unemployment rate which for the whole Glasgow TTWA, which extends beyond the city boundaries, at 17.5% is significantly above the UK average of 13.5% (March 1985). The number of long term jobless, and the level of youth employment, have also risen considerably in Glasgow over recent years. The total number of registered unemployed in the city itself is 76,609 (57,029 male; 19,580 female) (March 1985).

1.8 Glasgow's general image and environment are still subject to the overwhelming influence of its 19th Century heavy industrial heritage. In the last twenty years' a great deal has been done to upgrade the strategic infrastructure and to complete the clearance of the slum housing in the urban core.

1.9 These measures have produced dramatic improvements in the appearance of some parts of the city. In the areas where they have been most concentrated - as in parts of the GEAR area - they have demonstrably contributed to business confidence and new private investment. Environmental renewal has therefore become an integral component of economic development and urban regeneration.

1.10 The relative severity of the problems facing Glasgow and Strathclyde compared with the rest of the European Community is evident from the Commission's 'Second Periodic Report on the Social and Economic Situation of the Regions of the Community'. Strathclyde, included with Dumfries and Galloway as a single region, is the eighth worst-placed region of 131 regions of the Community excluding Greece. It should be borne in mind that Glasgow is a relatively deprived area within Strathclyde.

1.11 Glasgow remains the prime industrial area of Scotland and has attracted significant recent investment in certain industries, particularly warehousing, offices and small-firm development. Glasgow has a number of assets which should help to encourage growth, given an upturn in the national economy. These include a large accessible labour pool, specialist education and business support facilities, motorway, rail and air links. The provision of infrastructure in these areas is the subject of separate sub-programmes and will be relevant to creating job opportunities.

1.12 Industrial regeneration is promoted by the public authorities through the stimulation of local investment and enterprise. A key element of this approach involves measures to improve the operating conditions of industry in relation to land, premises and environment. It is also recognised that there is a need to improve the circumstances of the unemployed through the use of vocational training institutes, the Manpower Services Commission and other resources for training and temporary job creation.

1.13 One of the focuses of attention is on areas which show the greatest economic potential or have the highest concentrations of unemployment. Industrial development may also be promoted in areas of strong private sector interest, eg locations close to motorway junctions and in and around the city centre.

1.14 Employment decline over the next five years is likely to be slower than in recent years. This decline is likely to remain concentrated in the traditional manufacturing industries. Prospects are better in industries exploiting advanced technology and in the service sector. Employment growth is anticipated in banking, financial and specialist services and in tourist-related activities, but this will be offset, to a certain extent,

by losses in distribution and retailing. Continued job decline will mean that unemployment problems are likely to persist throughout the 1980s.

1.15 New industrial growth will be largely restricted to small and medium-sized firms and to offices and certain service industries. This will serve to reinforce the existing concentration of jobs in areas of good access, ie near motorway junctions and in and around the city centre. Public agency-led investment will help to endorse this pattern in Easterhouse, the Maryhill Corridor, Port Dundas, and through the proposed initiatives for the city centre and Govan/Kinning Park.

1.16 If present national trends continue, it is likely that there will be an increasing demand for professional and business services and for leisure, recreation and tourist-related activities. This will provide the main stimulus for job growth in the service sector over the next decade. The opening of the Scottish Exhibition Centre in 1985 will give a considerable boost to the city's economy by providing a 'shop-window' for business enterprise and by generating further jobs and investment in local hotels and services.

1.17 Despite qualifying for the highest available level of assistance under UK regional policy, Glasgow has not been a favoured location for inward investment. Inner-city policy, particularly in the role it gave to Strathclyde Regional Council and the City of Glasgow District Council and the Scottish Development Agency has more recently helped to focus attention on the role which the city can play in economic development. Unfortunately, the development of urban policy has coincided with slackening economic growth and a further round of job losses from the heavy industrial base. In some areas considerable gains have been made in infrastructure, factory building and environmental improvement, but generally have succeeded in slowing down, rather than reversing, economic decline and environmental deterioration. Joint action in promoting economic recovery can be successful as the GEAR project has demonstrated. Within this Programme the integration and co-ordination of action by the public sector, the private sector and the European Community will be important to meeting the objectives and priorities set out below.

OBJECTIVES AND PRIORITIES

1.18 Maintaining the economic base and population of a major urban centre demands substantial fixed investments in infrastructure and public services. The economic development issues described in the previous section can be tackled only if the range,

scale and quality of infrastructure and services make Glasgow an efficient and attractive location. To this end, this Programme contains 8 major sub-programmes which not only include new developments but also schemes to improve existing outdated and outworn infrastructure and the City's environment and tourist potential:-

- Roads
- Public Transport
- Water and Sewerage
- Industrial Development
- Vocational Training
- Energy
- Environmental improvements
- Tourism

PROGRAMME THEMES AND PROJECT EVALUATION

1.19 In relation to infrastructure provision, the IDO Preparatory Study examined the areas covered by the 8 sub-programmes which make up this Programme. The basic approach was to look at the functioning and quality of services in relation to demands, the measures required to develop services and the way in which the ERDF could be utilised to carry out modernisation and improvement. The specific objectives for each sub-programme are considered separately within the context of the individual sub-programmes but all of the projects contained in this Programme contribute to economic development in one of two general ways:-

a. By adding to or improving on strategic/city-wide infrastructure systems eg major regional roads and motorways linking with the trunk network, suburban rail networks, the network of vocational training centres.

or

b. By adding to or improving infrastructure in particular localities, specifically industrial and commercial areas, and localities covered by area initiatives.

1.20 Integration and co-ordination of action within the Glasgow area is achieved in two ways. Firstly, on an individual project basis there is co-ordination between officials of the appropriate public authorities where there are overlapping interests. In many projects in Glasgow there is joint funding from Strathclyde Regional Council, Scottish

Development Agency and City of Glasgow District Council. The Scottish Exhibition Centre is a good example of joint action by these three bodies. There is also close co-ordination between the Strathclyde Passenger Transport Executive and British Rail on transport initiatives; and between the South of Scotland Electricity Board, the Scottish Gas Board and public authorities on energy provision. Strathclyde Regional Council being a multi-function authority also has the mechanism to ensure co-ordination between services such as roads, transport, water and sewage, vocational training, industrial development etc.

1.21 The second level of co-ordinated action occurs within the framework of joint area initiatives where the public authorities agree to make their input in a way which will enhance the development of selected areas.

AREA INITIATIVES

1.22 In recent years, the programmes of the public authorities operating in the City have become systematically integrated by area initiatives, typically resulting in joint declarations of intent. Two types of initiative can be identified:

- Joint Economic Initiative Areas where integrated programmes of business support, infrastructure and environmental improvements have either already been agreed by a number of agencies - the Regional Council and District Councils, the Scottish Development Agency and the private sector- or are in the process of being approved.
- Innovative community orientated programmes aimed at regenerating the local economy in the City's peripheral housing schemes in conjunction with social development initiatives.

1.23 Joint Economic Initiatives are a relatively new feature of infrastructure programming typically involving business development and environmental measures as well as infrastructural developments. The forerunner was the Glasgow Eastern Area Renewal Project, more commonly known as GEAR.

GEAR

1.24 The GEAR project was established in 1976 and addressed itself to overcoming the economic, social and environmental problems then associated with the East End

of Glasgow. GEAR is a tribute to continuing commitment and significant progress has been achieved through the combined efforts of the participants. There are numerous signs of improvement and renewed confidence within the area. The increasing contribution being made by the private sector is also clearly evident and offers considerable prospects for the future.

1.25 Consideration is being given to:-

- the level of new start generation
- the potential for expansion within a limited number of new starts
- identify opportunities for expansion within existing companies, particularly medium and large scale enterprises
- exploring the potential for the employment of GEAR unemployed in companies moving to the area
- stimulate business development initiatives from the community.

City Centre

1.26 Initiatives in the city centre will be geared towards business development and, in particular, to the attraction of private sector investment. The following activities appear to be the most profitable themes in terms of developing a specific strategy for the city centre:

- (a) to attract Head Office functions by targeted marketing, and seek improvements in availability of high quality housing and offices, international airlinks and city centre environment;
- (b) to develop home grown exportable services, for example, a software industry and also consulting engineering;
- (c) to attract more visitors to the city, primarily tourists, by improving existing tourist facilities and adding major new attractions; and also by developing Glasgow as a short course education centre.

Maryhill Corridor

1.27 The Maryhill Corridor Project is a joint initiative between the Regional Council and District Councils which aims to improve planning, programming and designing of facilities to accord with locally identified priorities and needs and to improve communication between communities and public agencies. Other objectives are to stimulate communities towards self help activities, to attack as far as possible the social problems of the areas, to undertake improvements to the physical environment and to review the delivery of services provided by the two Councils.

Port Dundas

1.28 In May 1983, a Project Agreement was signed by the Regional and District Councils and the SDA providing for the co-ordination, implementation and management of a joint economic initiative project in Port Dundas area of Glasgow with a total financial commitment of about £2m. The project is being carried out over a 3 year period from 1983-86 and is concentrating on business development through the provision of the full range of advisory services and financial aid. The economic bias of the project is being fully supported by physical improvement including grant aided operational improvements to existing industrial property, development of vacant sites, environmental improvement and road improvement. The road improvements received approval for Fund aid in 1984.

1.29 The targets over the three year life of the project are:-

- to provide 150 jobs through the provision of low cost premises, utilisation of surplus property and general business development;
- to help safeguard approximately 800 jobs in existing companies through business development and property improvement;
- to encourage the completion of planned private sector industrial developments which could accommodate over 650 jobs.

Govan/Kinning Park

1.30 Preparatory work is well in hand on a further joint initiative covering Govan/Kinning Park. It is expected that a project agreement will be signed in the

latter half of 1985. There are considerable opportunities for business development in Govan/Kinning Park and the economic initiative will aim to realise these opportunities. The Garden Festival will provide an additional stimulus to the area's economic and physical development. The economic initiative can capitalise on this and build for the longer term. The development opportunities offered by the Economic Initiative and the Garden Festival Project will not only result in economic benefits to Govan/Kinning Park but in the wider context of Glasgow District.

Scottish Exhibition Centre

1.31 While the Scottish Exhibition Centre cannot be considered as a Joint Economic Initiative in the sense of the above it is another example of co-operation between the various public agencies working in the City and the private sector. The Centre has attracted substantial ERDF assistance amounting to £11.2m. The Centre opens in September 1985 and will become the "shop window" for Scottish industry. The facilities available at the Centre will enhance Glasgow's reputation as a location for major exhibitions and conferences. As well as providing a stimulus to business confidence, the Centre will also help to boost tourism. During the currency of this Programme a Garden Festival will be promoted on the opposite bank of the River Clyde at Princess Dock. A new pedestrian bridge across the Clyde linking the Scottish Exhibition Centre with the Garden Festival site will be constructed. Developments at the Scottish Exhibition Centre and the Garden Festival are important in terms of the overall strategy for the city centre and for the Govan/Kinning Park area (see paragraphs 1.37-8 and 1.48-9).

Peripheral Estates

1.32 Approval in principle has been given to Joint Initiatives in two of Glasgow's peripheral housing estates, namely Drumchapel and Greater Easterhouse. The main participants will be the Regional and District Councils, the SDA, Greater Glasgow Health Board and the local community but it is also hoped to attract investment from other agencies and the private sector. An Area Management Group will be set up in each area with decentralised responsibility for decision making and the management of 'local area' budgets which have yet to be finalised. The main objectives are to improve living conditions and opportunities by reducing unemployment and poverty and by improving housing conditions, services and facilities. Only two peripheral estates are being tackled at present because of the lack of resources and the need to pilot this approach before extending it to a larger number of peripheral estates.

SPATIAL IMPACT OF PROGRAMME

1.33 The Programme is structured around 8 functional interlocking sub-programmes. The structure of presentation reflects the responsibilities of the various agencies responsible for undertaking action and will make administration, monitoring and control of the programme easier.

1.34 The projects contained within the various sub-programmes will have a spatial impact on the economic development of Glasgow and, in particular, on the area initiatives.

SECTION 9F

SOUTH WEST PROFILE (SEE MAP 24)

9F.1. SOCIAL AND ECONOMIC ANALYSIS

1.1 The profile area comprises the TTWAs of Stranraer, Newton Stewart and Stewartry (Map 25). The area is predominantly rural, much being upland in character. The primary sector is large, providing about 19% of employment. Agricultural activity is mainly composed of livestock and dairy farming but there has also been extensive forestry planting and timber extraction over the past 20 years. The local authority boundaries within the profile are shown at Map 26.

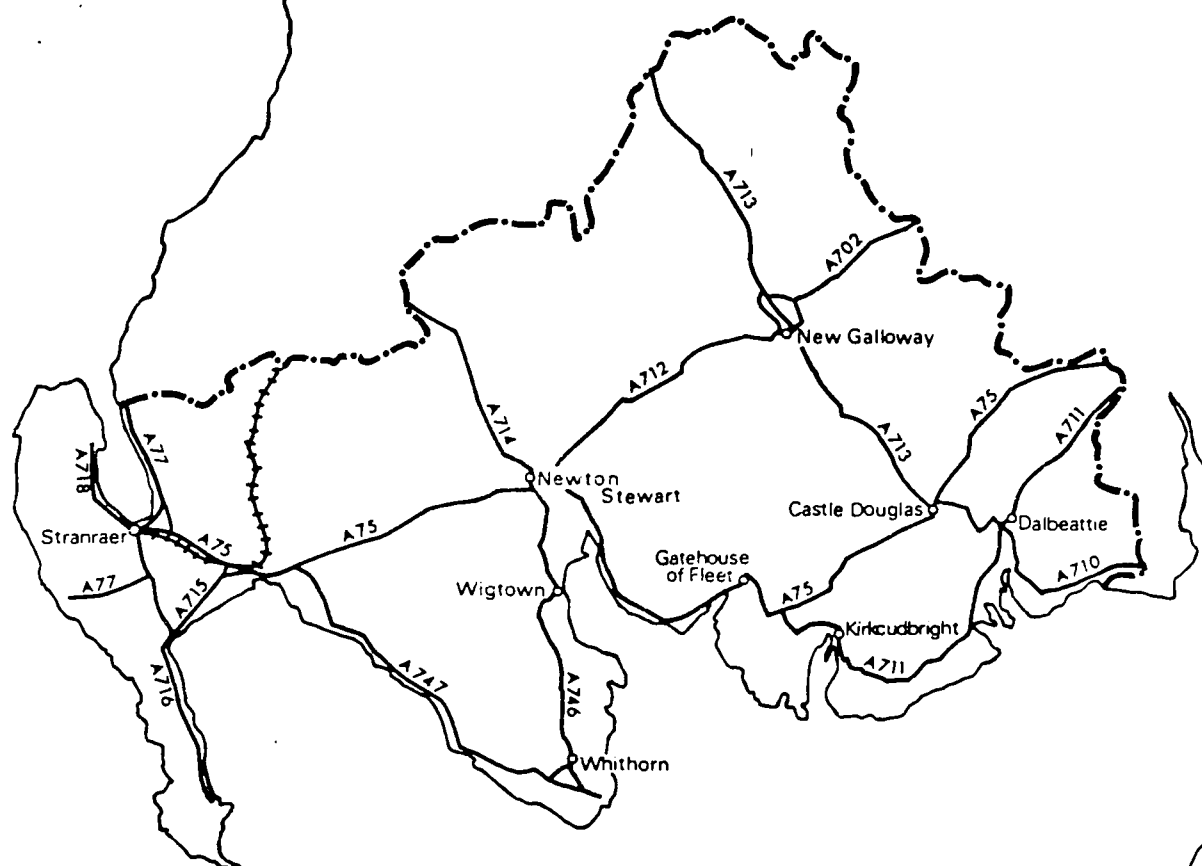
Problems

1.2 Geographic

- a. Low population density. The costs of providing public services are relatively high per capita which has led to minimal provision of services in many areas. The small size of the local market restricts the range of profitable economic activities limiting the choices available to the resident population.
- b. Remoteness. Transport costs are high, access to markets and services more difficult and tourists less easy to attract.
- c. Poor climate (in terms of, for example, hours of sunshine and amount of rainfall). The development of tourism is made more difficult and the agricultural possibilities are restricted. (These are also restricted by the poor soil types and elevated topography.)

1.3 Economic

- a. A small manufacturing sector. Both in relative and absolute terms the number of manufacturing jobs in the area is small. In 1981 about only 17% of those in employment worked in manufacturing compared with 25% in Scotland as a whole. This limits job opportunities for residents and militates against the integration of industrial activity between firms.
- b. Branch plant economy. The majority of the manufacturing jobs are in factories run as satellite operations of firms with their headquarters and main centres of operations elsewhere. This leaves the area vulnerable at times of economic difficulty to closure or job losses due to retrenchment.
- c. Paucity of service jobs serving national markets. Although the area is heavily reliant of service sector jobs for employment, very few of these bring income into the area from other parts of the country. Only the Stranraer/Cairnryan-Larne ferry operations and tourist jobs draw in income to the area from outside.
- d. Unemployment. The unemployment rates in the 3 TTWAs in the profile area at January 1986 were: Newton Stewart 24.0%; Stranraer 17.6% and Stewartry 15.1%. All 3 TTWAs have rates of female unemployment higher than the Scottish figure indicating that there is a specific shortage of jobs for females in the area as a whole.
- e. Seasonal unemployment. In addition to the persisting high levels of unemployment there is a particular problem of seasonal unemployment, due to the high proportion of tourist etc jobs in the area. Whereas in Scotland, as a whole, the



EUROPEAN REGIONAL DEVELOPMENT FUND
SOUTH WEST

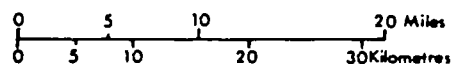
Profile Area



Roads

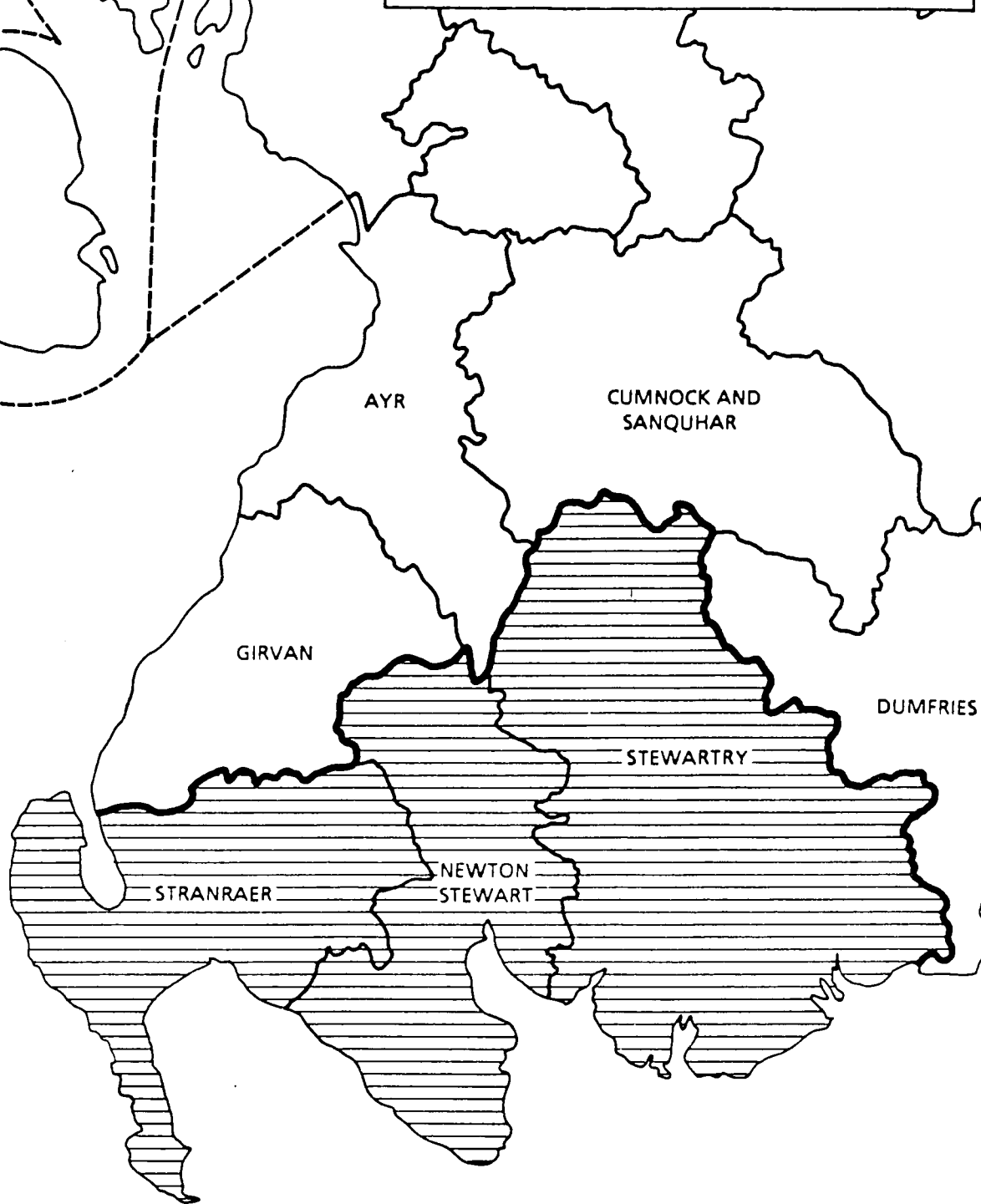


Railways



Note: Stranraer population over 10,000

TRAVEL TO WORK AREAS Map 25



EUROPEAN REGIONAL DEVELOPMENT FUND

SOUTH WEST

ERDF Assisted Area

Travel to Work Area

Development Area

Intermediate Area

PEEBLES

PEEBLES

PEEBLES

PEEBLES

PEEBLES

0 5 10 20 Miles
0 5 10 20 30 Kilometres

ADMINISTRATIVE AREAS

Map 26

● *East Kilbride*

● *Irvine*

STRATHCLYDE

NITHSDALE

STEWARTRY

DUMFRIES AND GALLOWAY

WIGTOWN

EUROPEAN REGIONAL DEVELOPMENT FUND

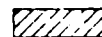
SOUTH WEST

Region

District

New Town

ERDF Assisted Area



0 5 10 20 Miles
0 5 10 20 30 Kilometres

STRATHCLYDE

DUMFRIES AND GALLOWAY

SOUTH WEST

Less Favoured Area
Region



0 5 10 20 Miles
0 5 10 20 30 Kilometres

number of unemployed increased by 7.5% between August 1984 and January 1985, in Wigtown and Stewartry Districts it increased by 27.1% over the same period, a pattern which is repeated each year.

1.4 Infrastructure

a. The main road network. This network, particularly the A75 Euroroute (E18) which is the main link to the Northern Ireland ferries, requires further substantial upgrading to deal with problems of delay, safety, pollution and environmental improvement through the provision of bypasses, particularly at the Dumfries (outside the assisted area) bottleneck, and other important schemes. Its poor condition compounds the problem of remoteness noted above.

b. Site servicing. Part of the area suffers from a shortage of adequately serviced land. In particular the lack of adequate foul and surface water drainage capacity at many locations could hinder the development of sites for industry.

c. Timber haulage routes. A significant proportion of the area is afforested and a programme of road and bridge improvements on minor roads serving the afforested areas is required to enable harvested timber to be extracted satisfactorily. The present condition of many of these roads is such that they are not currently suitable for use as timber haulage routes. Investment in roads in the non-assisted part of Dumfries and Galloway Region is necessary to realise the potential for exploiting this natural resource.

d. Tourist infrastructure. If the tourist industry in the area is to develop further there needs to be further provision of tourist facilities, particularly wet weather attractions.

Prospects

1.5 Population and labour supply changes

Between 1985 and 1990, the population of Wigtown and Stewartry Districts is set to fall by 355 persons from 53,125 to 52,770. At the same time the economically active population is projected to rise by 257 (139 males and 118 females).

1.6 Consequences for local employment

The small fall in population between 1985 and 1990 of 1.0% is likely to result in a slight fall in demand for services locally. This is unlikely to be large enough significantly to affect the demand for labour, particularly as there are likely to be larger effects from factors such as economic growth and changes in productivity. The increase in the economically active population would imply an increase in unemployment levels of the order of 1.5% in the area by 1990 if there is no net increase in the number of jobs in the area in the intervening period.

1.7 Economic Strengths of the Profile Area

a. Galloway contains widespread farming and forestry activities which, in terms of employment, are more important than manufacturing in the area. This sector is unlikely to experience any major increase in employment levels.

b. The shortest sea crossing from Ireland to Great Britain terminates at Stranraer/Cairnryan.

c. The attractive towns, villages and scenery support a modest tourist trade.

1.8 Opportunities

i. The development of indigenous potential

- a. Forest resources. The area is extensively forested and as the output of timber increases as the forests mature there are likely to be opportunities to develop new timber industries in the area. Further expansion of the sawmilling industry is probable at some time in the future, while a pulpmill or a particleboard mill is also a possibility.
- b. Peat. Galloway has vast resources of peat and there are considerable opportunities for peat production and peat related industries.
- c. Tourism. There is considerable scope for further developing tourism in the profile area, particularly through the provision of weather independent facilities, provision for "activity" holidays (including harbour developments for sailing) and provision of interpretive facilities.
- d. Ferry related developments. The existence of the Stranraer/Cairnryan - Larne Ferry service present an opportunity to capitalise on the passage of transit traffic through the area in terms of associated service provision, road/rail interchange facilities, provision of accommodation and other related investments.

ii. Other investment

- a. The Regional Council and the Scottish Development Agency have industrial sites and premises available where businesses may be established and developed.
- b. There are continuing opportunities for retail investments in the larger centres.
- c. Dumfries and Galloway Regional Council, in conjunction with landowners, is investigating the possibility of the use of the deep water facility at Cairnryan, Stranraer for oil related industry.

9F.2. DEVELOPMENT OBJECTIVES

2.1 Dumfries and Galloway Regional Council's broad objectives as stated in the Structure Plan for the whole of its Region are as follows:-

- i. To stem the net outflow of population from the Region, particularly in the younger age groups.
- ii. To increase the economic well-being of the Region and to provide employment opportunities appropriate to the needs of people living in Dumfries and Galloway.
- iii. To help cater for existing and foreseeable housing needs within the Region.
- iv. To contribute to an improvement in the quality of life, paying particular regard to those parts of the Region that are relatively disadvantaged.
- v. To develop and promote an integrated, economic and efficient transport system which facilitates traffic movement in a satisfactory manner.

- vi. To ensure that natural and productive resources are used efficiently and in the best interest of the community.
- vii. To protect and, where appropriate, enhance the appearance of the countryside, towns and villages and to conserve other important heritage features.

2.2 Importance is attached to the further development of manufacturing and processing industries in the profile area and to the development of tourism along with the continued upgrading of the area's infrastructure in line with the objectives set out above.

9F.3. DEVELOPMENT MEASURES

3.1 Communications

Roads

3.1.1 Proposed schemes over £1 million are specifically identified below, although numerous other schemes of strategic importance, but costing less than £1 million, are programmed:-

- a. Bridge/Culvert Renewals - estimated cost £1 million over 5 years.
- b. Improvements to Regional Strategic Route A711 (3 locations) - estimated cost £2 million.
- c. Improvements to Regional Strategic Route A713 (5 locations) - amounting to £2 million
- d. Improvements to Dumfries and Galloway Regional Council Depots (3 locations) - estimated cost £2.2 million.

3.1.2 As far as trunk roads are concerned, the A75 trunk road provides a strategic link between the English motorway system and the ferry ports of Stranraer and Cairnryan. The road, some of which is substandard, carries a high proportion of heavy goods traffic and passes through a number of towns and villages. An extensive programme of bypasses and other improvements is therefore planned. The full programme of possible starts is:-

Major Projects Over £1 million	Estimated Cost (£m)
A75 Castle Douglas Bypass	3.56
A75 Dervaird Loch to Barlae	2.44
A75 Dunragit Bypass	2.82
A75 Glenluce Bypass	3.80
A75 The Glen Improvement	4.70
A75 Halfway House to Shennanton	2.36
A75 Ringford Bypass	1.58

3.1.3 The overall aim of the roads schemes is to improve the network, developing an integrated, economic and efficient transport system which facilitates traffic movement in a satisfactory manner. The objectives are to ensure all communities have reasonable access to employment, shopping and community services, to leisure, and to recreational facilities; to encourage the fullest possible use of existing road network; to facilitate the safe and convenient movement of traffic and pedestrians; and to encourage local economic development. Priorities for the programme period will be bridge strengthening and replacement and improvements to the heavily-used A713 and A711 Regional Strategic Routes. Improvements to the A75 and A76 trunk roads are necessary to remove bottlenecks.

Rail, ports and harbours

3.1.4 Stranraer is the principal rail-connected port in Scotland for the ferry service to Northern Ireland, and the train service to the Harbour is an important link for foot passengers travelling to and from the Province. In addition, the whole of the UK Red Star parcels and Post Office surface mails traffic for Northern Ireland is routed via Stranraer, together with a high volume of road and rail freight. Northern Ireland has suffered from serious economic and industrial decline throughout the post-war period, with a consistently higher rate of unemployment than the rest of the United Kingdom. The lack of indigenous natural resources and its geographical location on the western periphery of the UK has meant a heavy reliance on transport for the import of raw materials and the export of finished goods to the major European markets. A key factor, therefore, in enhancing Northern Ireland's industrial competitiveness, and its ability to exploit international market opportunities is the improvement of the transport services to the Province. ERDF grants have recently been awarded to British Rail for the strengthening of under-bridges on the line to Stranraer, and for improvements to the facilities at the Harbour, and future investment in the route remains part of the overall strategy for the area **Projects over £1 million** - track and signalling modernisation Ayr/Stranraer - £5.4 million.

3.2 Water and sewerage

3.2.1 The specific aims of the water and sewerage schemes are to increase the water supply generally, especially in the summer months, and to augment the water supply for the Newton Stewart area. The increased water supply is vital to meet present demands especially during the holiday season and is very important for the development of tourism which plays a significant role in maintaining and improving the economic base of the area. Augmented supply will also help farming and will be beneficial in attracting incoming industry.

Projects Over £1 million	£m
i. Penwhirn Distribution Augmentation	1
ii. Penwhirn Filter Station: Phase 2	1

3.3 Industrial development

3.3.1 Industrial development strategy in the profile area is devised by the Dumfries and Galloway Regional Council in conjunction with the District Councils. The main objective is to promote the economic well-being of the area. Expenditure will be incurred on site servicing and the provision of small workshop units. Peat related industry is continuing to be promoted, as are forestry related industries, including sawmill and particle-board plant provision.

3.3.2 Area initiative: Wigtown Project

As a result of high unemployment, declining population and a narrowing industrial base, the Wigtown Rural Development Company (referred to here as the Wigtown Project) came into being by partnership of the SDA, Regional Council and Wigtown District Council who see it as a 'pilot scheme' for answering problems in rural areas.

The project was launched in 1983. The company is managed by a Board of Directors consisting of eight members, including representation from the private business sector, SDA, Dumfries and Galloway Regional Council, Wigtown District Council, charitable organisations and the local community. All of these bodies contribute finance to the running of the company.

The project has the following objectives:

- to generate local commitment to the area's development;
- to encourage and develop a self-help approach to the area's regeneration;
- to assist economic development by creating new employment and by expanding and protecting existing employment;
- through self-help and alongside other agencies to improve the quality and quantity of services available to the rural population.

Between October 1983 and March 1985, the project was instrumental in the creation of 155 jobs and the safeguarding of a further 83 in local businesses. In the same period it funded 25 local tourist projects creating and/or saving another 56 jobs. Demand for the project's business advice and training services has been high.

3.4 Energy

The reinforcement of electricity and gas supplies to enhance economic opportunities may prove necessary over the period to 1990. The only specific project so far identified is the reinforcement of gas supplies in the Castle Douglas area.

3.5 Tourism

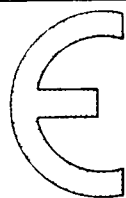
As already described, tourism is an important feature of the local economy and others potential for enhancing local economic development. The development strategy over the Programme period comprises provision of weather independent facilities, improving facilities (such as harbours) for holidaymakers and provision of interpretive facilities. Proposals for new facilities at Stranrear are under consideration.

9F.4. Co-ordination with other sources of EC assistance

4.1 The European Social Fund has been used by the Regional Council to help alleviate unemployment by the establishment of an Employment Premium Scheme to provide an incentive to employers to recruit additional employees and provide these employees with suitable skill training. In 1982/83 Dumfries and Galloway Regional Council received £3,163 from the European Social Fund; £16,642 has been claimed for 1984, the 1985 application is for £52,103 and 1986 is for £57,720. So far approximately 200 additional jobs with appropriate training have been created in Dumfries and Galloway Region.

4.2 The Dumfries and Galloway Regional Council has at present a loan of £4.8 million from the European Investment Bank relating to a project of approximately £9.6 million. The programme concerns the improvement of infrastructure within the Region and contains 27 individual schemes which aim to provide adequate facilities and opportunities for the economic and social development of the Region. The sectors involved are the non-trunk road system, the regional water supply system and industrial development areas. The programme work includes land acquisition, design, development, construction and commissioning of various schemes.

4.3 A substantial part of the area is agriculturally less-favoured (see Map 27). Regulation 355/77 will continue to provide assistance for opportunities for further investment in food processing which is important in this predominantly rural area.



European Regional Development Fund

UK REGIONAL DEVELOPMENT PROGRAMME 1986-90



Section 10: Northern Ireland

UK REGIONAL DEVELOPMENT PROGRAMME 1986-90

CONTENTS

The Programme consists of detailed information on regional or sub-regional areas (Sections 7 to 10) preceded by general information on the United Kingdom (Sections 1 to 6). This is Section 10

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PREFACE

Sections 1 to 6 of this Programme have described in general terms the main regional problems of the United Kingdom and the policies which are being applied to overcome them. Sections 7 to 10 describe in greater detail the situation in the areas where the UK may be seeking assistance from the European Regional Development Fund. In common with the preceding sections these regional profiles have been structured in accordance with the requirements of the outline for Regional Development Programmes (official journal No C69/2 of 24 March 1976). Each profile is preceded by a summary table and map which together define the area covered and an index to the contents.

The regional profiles cover contiguous blocks of travel to work areas (TTWAs) which have Assisted Area Status or Aided Area Status and are thus eligible for ERDF assistance. As far as possible these are defined to coincide with local authority areas or groups of areas and have been considerably revised since the previous Regional Development Programme so as to facilitate the compilation and presentation of information in a sensible way. Unlike certain other Member States, the UK does not have a federal system or government. Institutional arrangements and the resulting administrative structure are both highly centralised with central planning undertaken through separate regional and sub-regional authorities. For strong functional reasons different sectoral planning authorities operate according to different regional boundaries. Some of the illustrative statistics in the Programme therefore may relate to slightly different areas because so much information is compiled using local authority districts, counties or some other sectoral planning units. The length and detail of the individual profiles vary as there is a considerable variation in geographical and demographic size. The variety has many advantages, for it is an opportunity to compare the operation and planning of regional development in areas of differing size and make up.

Although the outline provides a structure for each of the regional profiles considerable variety has been used in the definition and presentation of problems, plans and individual development measures to avoid a rigid format. As far as possible information has been presented to accord with the extent of each particular Profile area. However the sort of information and the level of detail required is not always readily available in the standard form for this purpose and could not be obtained except at disproportionate cost. Approximations or surrogate data for the nearest corresponding administrative unit have therefore been necessary. This approach over the structure and content illustrates the degree to which participation of local and

other public authorities has been essential in the preparation of Profiles. Local authorities in Northern Ireland have not however been involved in the preparation of Section 10 of the Programme.

REGIONAL DEVELOPMENT PROGRAMME: NORTHERN IRELAND 1986-90

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NORTHERN IRELAND

Section 1: SOCIAL AND ECONOMIC ANALYSIS

Description

- 1.1 Northern Ireland is a small region with a land area of 1.3m Ha, a population of 1.5 million and a workforce of 0.6 million. Because of its situation on the western periphery of the UK and the European Community, industry has traditionally developed on the eastern seaboard, in particular around the major port of Belfast, to serve its main market in Great Britain. The rest of the region has remained predominantly rural. This uneven distribution of economic activity has resulted in a population imbalance with high population densities in the Greater Belfast area and low population densities in the rest of the province. Annex 1 provides a summary of the main socio/economic statistics for the region.
- 1.2 The whole of Northern Ireland is a national priority area and 75% of the region has been designated as "less favoured" under EC Directive 75/268. Some 85% of the total land area is farmed with 84% of gross output coming from livestock and livestock products. Grass production is the principal land use.

Problems -

- 1.3 The recent economic history of Northern Ireland reflects the influence of the severe recession which began in 1979 and the subsequent (partial) recovery. While this experience is shared throughout the UK, the downturn in output in Northern Ireland was more severe, and lasted longer, than the UK average. Moreover, whereas the subsequent recovery in the UK had, by 1985, restored industrial production to the 1979 level, in Northern Ireland industrial production in 1985 was some 9% below the figure for 1979.
- 1.4 The recession in the UK and in Northern Ireland was accompanied by a decline in the number of employees in employment. In June 1985 there were 56,000 fewer employees in employment in Northern Ireland compared with six years earlier, a decline of some 11%. The comparable rate of decline for GB for the period was 9%. The manufacturing sector in Northern Ireland shed most labour and in 1985 there were 44,000 fewer workers compared to six years earlier, a decline of 30%. In GB, manufacturing employment declined by 25% over the same period.
- 1.5 The principal economic problem in Northern Ireland remains one of a persistent and substantial over-supply of labour. In 1984, Northern Ireland's unemployment rate averaged 21% which was 8% points above the rate applying to the UK as a whole and 2% points above the worst region in GB, (the North of England). For 1985, current indications are that rates of unemployment throughout the UK, including Northern Ireland, will be similar to 1984 levels. The intractability of the unemployment problem in Northern Ireland is indicated by the fact that approximately half of the total unemployed in 1985 will have been so for 12 months or more. Within Northern Ireland, particularly in the

sparsely populated west of the region, unemployment exceeds 30% in many areas. However, a quarter of Northern Ireland's unemployed are concentrated in Belfast where the west of the city is the most severely affected.

- 1.6 Agriculture, accounting for 5.5% of gross domestic product, remains a major source of employment (about 10% of all civil employment) and for the foreseeable future is likely to continue to experience structural rationalisation involving a net loss of jobs. Northern Ireland exports the greater proportion of its agricultural production to markets outside the region. Separation by sea from its main source of feed grain and from its main market in Great Britain creates particular difficulties.
- 1.7 In 1960 over 23,000 workers were employed in the shipbuilding industry but employment has declined steadily since then and now stands at some 4,800. Shipbuilding accounts for about 5% of total manufacturing employment in the Province.

Social Conditions

- 1.8 High unemployment is associated with other indications of regional deprivation. In particular, income levels are depressed so that GDP per head (in purchasing power parities) in Northern Ireland was only 72% of the EC average in 1981, compared with 81% for the worst GB region (West Midlands). Within the EC only Greece and the regions of Southern Italy experience lower incomes per head in the range 44% to 64% of the Community average. The prevalence of low incomes, together with larger family size, has meant much greater dependence on Supplementary Benefits and Family Income Supplement than in the UK as a whole. In 1983, 22.6% of income was derived from these sources in Northern Ireland compared to a UK average of 14.9%.
- 1.9 Poorer social conditions are also reflected in the housing stock and in 1984, 10.4% of the houses were statutorily unfit in Northern Ireland compared with 6.2% for England. However, this reflects an improvement in Northern Ireland (in 1979, 14% of houses were statutorily unfit) which is largely attributable to the priority accorded to housing in Government policy.
- 1.10 The region's heavy dependence on imported oil for electricity generation meant that electricity costs were higher than elsewhere in the UK. The Government reduced the severity of this problem by linking industrial and domestic electricity prices to the highest in England and Wales.

Prospects

- 1.11 The medium-term outlook for the Northern Ireland economy is uncertain. On the one hand, there have been encouraging signs in relation to the growth of output but, on the other hand, this has failed to generate new employment in the manufacturing sector. The service sector is dominated by the public sector and the climate of constraint seems likely to curtail further growth in employment in this area.

1.12 At the same time, the labour supply seems certain to increase, resulting from relatively high rates of natural increase in the population and from the decline in outward migration in the 1980s compared to the previous decade. In the absence of an increase in labour demand there is every likelihood that unemployment will increase.

Section 2: DEVELOPMENT OBJECTIVES

- 2.1 The Government's over-riding economic purpose is aimed at reducing inflation as a precondition for sustainable economic growth. The promotion of a faster rate of national growth is the essential foundation for effective regional effort. The Northern Ireland regional development programme is therefore set within the framework of Government national economic policies. However, because of its extremely difficult economic circumstances, special measures and resources are being applied in the region aimed at stimulating faster regional economic growth through the strengthening, modernisation and improvement of the regional industrial and infrastructural base, thereby creating a growth in employment opportunities, and a rise in general living standards.
- 2.2 In Northern Ireland, responsibility for the development of the regional economy lies primarily with the Departments of Economic Development (DED), Environment (DOE), and Agriculture (DOA). The Departments are responsible for such matters as industrial development policy, energy supply and conservation, tourism, ports, mineral development (DED), regional physical development strategy, roads, transport (DOE), agriculture, forestry and fishing industries (DOA). The local government system in the region is single tiered with 26 District Councils being responsible for a wide range of local services tourist amenity development and gas supply.
- 2.3 There are three main elements to the regional development programme in Northern Ireland:

(a) Strengthening Local Industry

Certain local industries - particularly the traditional industries of textiles, clothing and shipbuilding - have suffered severe employment loss as a result of changes in world market demand for their products. Companies in the textile and clothing sectors and the Belfast shipbuilding company, Harland & Wolff Ltd, are therefore being helped to restructure their operations to reflect changed conditions. Emphasis is also being placed on maintaining the cost competitiveness of local industry, and encouraging industry to take steps to improve its own competitiveness through, for example, exploiting more fully new product and market opportunities. Emphasis is also given to retraining and skill up-grading, and to gearing the education and industrial training systems more closely to the needs of industry.

(b) Raising the level of investment

Investment in new productive activities is far below the levels needed in Northern Ireland. Ways are being sought to stimulate substantially higher levels of investment in the region. In this context, special emphasis is being given to the development of small and medium sized firms, and specific priority is being given to the attraction of overseas companies in major growth sectors eg microelectronics, industrial automation.

(c) Improving the quality of the total environment

The quality of the total environment can assist in the industrial development of the region. The Government's regional physical development strategy is therefore aimed at conserving and enhancing those features of the local environment which make the region attractive as an industrial base.

These and other elements of the development programme are considered in greater detail below.

Strengthening Local Industry

- 2.4 Traditionally the Northern Ireland industrial base was heavily dominated by industries in crisis - particularly shipbuilding and textiles - partly owing to world-wide over-capacity in those sectors. In employment terms the role of these industries has been steadily declining in recent years. (At June 1983 employment in shipbuilding and textiles represented 16.5% of total NI manufacturing employment). A number of companies in the man-made fibre sector were established in the region in the 1960s and early 1970s at a time when over-capacity in the sector could not have been anticipated. It is recognised, however, that the companies which will survive will be those which can produce most competitively in world markets. The Government's aim is therefore to help such companies to restructure their operations in order to meet the full force of international competition.
- 2.5 There have been severe cuts in employment in the shipbuilding and textile industries as companies have striven to improve their efficiency and return to profitability in the light of changed world market conditions. In the shipbuilding industry, for example, employment at Harland & Wolff has fallen by 52% since 1974 (from 10,000 to 4,800), and further reductions in employment, and upstream physical facilities in the company are planned to bring them into line with reduced level of output permitted by world market trends. In the man-made fibres sector four major factories - ICI (Carrickfergus) Courtaulds (Carrickfergus) Courtaulds (Londonderry) and British Enkalon (Antrim) - have closed since 1980 involving the loss of over 4,500 jobs. The remaining man-made fibre companies have taken steps, with Government encouragement, to streamline their operations and to improve their productive efficiency. Inevitably, this has resulted in further job losses.
- 2.6 The Government will continue to work with companies in these "crisis" sectors with a view to helping them to adjust their output and employment levels to world market conditions. Aid provided to such industries will therefore be designed to underpin the restructuring process, and will be made available for the removal of surplus or out-dated capacity, and for modernisation without overall increase in capacity. The aim will be to increase the competitiveness of such companies, while at the same time seeking to reduce their requirement for further Government aid.

Exploiting New Product and Market Opportunities

- 2.7 Local industries are not exploiting new product and market

opportunities at anything like the rate required to achieve high growth targets. Local industry must therefore be strengthened and stimulated to do this better. The objectives will be to encourage local companies in the use of research and development aimed at developing new products and processes; to facilitate the awareness and adoption by local companies of new technology such as microelectronics, and to assist local companies to find new opportunities in overseas markets.

Maintaining Cost Competitiveness

- 2.8 It is not possible to judge Northern Ireland's international industrial competitiveness in isolation. The UK's position as a whole deteriorated from 1977 until mid-1981, since when there has been a marked improvement; and the experience of Northern Ireland has probably been similar (although this cannot be stated with certainty due to differences in industrial structure and trading patterns compared with the UK as a whole). It is generally acknowledged, however, that Northern Ireland producers suffer cost disadvantages (particularly in the transport and energy fields) because of the region's peripheral geographical position in relation to the main European markets, and its physical separation from the GB mainland. Taken together these additional costs could substantially reduce companies' rates of return, and hence the funds permit the calculation of average rates of return for businesses in Northern Ireland). For particular firms, which are energy or transport-intensive, the additional burden could push them below the margin of viability.
- 2.9 A major objective is, therefore, to maintain and, if possible, improve the international industrial competitiveness of local industry. In this context the Government's efforts at national level to reduce industrial costs and to create the background against which interest rates can be reduced will be of vital importance to NI industry. Emphasis is also placed on minimising the adverse economic effects associated with the region's peripheral geographical location; in this context the quality of external transport services is particularly important for industrial development, and a key objective in this area is the improvement of air-borne traffic. The level of energy costs in Northern Ireland is also a major area for concern and action has already been taken to maintain NI industrial electricity costs at the highest comparable charges in England and Wales.

Raising the Level of Investment

- 2.10 Northern Ireland's economic growth during the 1960s was fuelled largely by rapidly increasing private investment, mainly generated by overseas companies. However, since the early 1970s the pace of private investment has slackened considerably, with public expenditure taking over as the main employment stimulus in the economy. One of the major factors in the fall-off in private investment in recent years has been the dramatic decline in jobs associated with overseas companies investing in Northern Ireland for the first time.
- 2.11 The recent growth in the number of visitors to the Province - a 27.9% increase over a 5 year period - has given rise to optimism about the future growth of the industry. The overall objective of Government is

to encourage the development, growth and international competitiveness of Northern Ireland as a tourist destination and it will aim to achieve this by creating a favourable economic climate for the industry's development and providing financial support towards specified promotion and investment. While Government will continue to give its full weight to the growing importance of tourism in its own spending plans, it can only be as a result of the investment decisions and efforts of the private sector that lasting and significant growth will be achieved.

- 2.12 The present rate of private investment is insufficient to generate the rapid growth needed in the economy. Recent analyses have suggested that in terms of unemployment alone the prospect is that a high rate of unemployment is likely to be the norm for some time; to have any lasting effect on this most difficult position will require the direct promotion of substantial numbers of new jobs.
- 2.13 Further reductions in employment in shipbuilding are likely as Harland and Wolff continues to improve its work methods and its attempts to match capacity with demand. The Government will continue to work with Harland and Wolff with a view to helping adjust its output and employment levels to world market conditions. Aid provided will be designed to underpin the restructuring process, and will be made available for the removal of surplus or out-dated capacity, and for modernisation without overall increase in capacity. The aim will be to increase competitiveness while at the same time seeking to reduce the requirement for further Government aid.
- 2.14 To raise the level of industrial investment in the region the regional development programme concentrates on:
 - (a) encouraging the establishment and development of small businesses;
 - (b) encouraging medium to large indigenous businesses to engage in new investment, re-investment, modernisation or re-equipment programmes;
 - (c) attracting new overseas businesses (including service industries) to the region.
- 2.15 In allocating priorities between these various activities, special emphasis is given to promoting the development of small to medium sized firms. However, it is not considered that these two sources alone will generate a sufficient flow of the right kind of new job opportunities to meet job needs; there remains a large residual need for new overseas investment. It is therefore important that Northern Ireland, one of the most disadvantaged areas in the Community, can compete effectively against other interested countries for investment projects. For this reason close attention is given to the range and level of incentives available to attract such investment. Emphasis is also placed on attracting companies from industrial sectors which have good long-term growth prospects, which will introduce new skills to the local economy; or which could provide benefit to the local economy through the growth of supplier or user industries. Four sectors - industrial automation, medical technology, food processing

and information technology have already been selected for priority attention. In March 1983 the Government announced a series of new measures to aid industry in the Province and to help stimulate the economy (See Paragraph 3.5).

- 2.16 The results achievable over the next few years from the Government's efforts to raise the level of investment in the region are difficult to predict, and are likely to fluctuate from year to year. In the 1970s job promotion levels attained an average of about 6,500 a year. Given favourable world and national economic conditions, it is not considered excessive, or impossible, to increase this figure to 10,000 annually.

Agriculture Forestry and Fisheries

- 2.17 Agriculture accounts for 5.5% of gross domestic product in Northern Ireland and is therefore significantly more important for the regional economy than is the case for the UK as a whole. The greater proportion of production is exported to markets outside the region. The Government's aim, within overall national priorities, is to help create in Northern Ireland the conditions for efficient production, processing and marketing of the products of agriculture, fisheries and forestry, thereby assisting those engaged in these fields to share fully in the nation's standard of living, and to maximise the sector's contributions to the development of the Northern Ireland economy whilst protecting and, where appropriate, improving the environment.
- 2.18 Government development objectives aim to provide support towards improvements in farm structure, maintenance of agricultural employment in the Less Favoured Areas (75% of land area), an increase in gross output in real terms and in the ratio of net product to gross output; to optimise the fishing opportunities of the Northern Ireland fleet and to enhance and develop, cost effectively, salmon and inland fisheries for commercial and recreational purposes; and to develop a cost effective contribution through forestry, both private and state, to the maintenance of employment, amenity and nature conservation in Northern Ireland.

General Hospital Services

- 2.19 General hospital services, which are currently provided at a total of 43 hospitals (with some 11,200 hospital beds), constitute an important element of the social infrastructure necessary to ensure adequate health care for the people of Northern Ireland. They are administered by 4 Health and Social Services Boards (Eastern, Northern, Southern and Western) in accordance with policy guidelines laid down by the Department of Health and Social Services. The Department recognises that Northern Ireland still retains to an extent perhaps greater than elsewhere in the United Kingdom, the fragmented pattern of services which is the legacy of a hospital system conceived and established in the 19th Century.
- 2.20 Against this general background Departmental policy for the development of hospital services has, for more than a decade past, been directed towards the increasing concentration of acute

services on fewer strategically located sites and consequent rationalisation of services. More recently, within the Department's Regional Strategic Plan for the Development of Health and Personal Social Services for the period 1983-1988 (published 1983), the development of acute hospital services was identified as one of the 5 priority areas where scarce resources for services development should be concentrated. The essential concentration of hospital services and expensive diagnostic and therapeutic facilities on fewer sites seeks to achieve a number of aims. These are to promote and provide access to higher standards of diagnosis, treatment and care delivered in the most cost-effective way; to ensure an adequate and stable base for provision for the long-term future; and to facilitate the rationalisation of services, including, where necessary, the closure or conversion of facilities to other more effective purposes.

In this context, the priorities for Northern Ireland within the 5 years from 1983 to 1988 are:-

- (a) development of the new Antrim Hospital, which will bring about significant rationalisation of hospital services in the Northern Health and Social Services Board;
- (b) the further development of Altnagelvin Hospital, Londonderry and consequent rationalisation of hospital services in the Western Health and Social Services Board;
- (c) other, smaller scale developments in a number of the Province's main hospitals.

Improving the Quality of the Total Environment

2.21 The Regional Physical Development strategy 1979-95 provides the main framework for the development of infrastructure in the region. Investments in infrastructure will not be restricted to facilities directly required for industrial development (they will also include measures to improve educational, social, health and recreational facilities, as well as to tackle the problems of urban decay and inadequate or sub-standard housing in Belfast and elsewhere in the region), since it is recognised that the quality of the total environment can assist in the attraction of the new industrial investment needed to diversify the industrial base. Thus the Government recognises that, for example, investment in education must be adequately geared to provide the education and training in technology appropriate to the rapidly growing industrial sectors, and that investment in physical facilities eg transport, telecommunications and other basic services must be adequate to meet the needs of new and existing industry.

Industrial Training

2.22 Proportionate to working population Northern Ireland offers a trainee capacity several times greater than that available in Great Britain. Off-the-job training for adults is largely in semi-skilled operations in engineering and related trades allowing trainees to acquire new skills and also update existing ones. Under the Youth Training

Programme (see below) young persons can participate in a wide range of broad based training schemes and there are opportunities to progress into more job specific courses at first year craft apprentice level. All training is designed to -

- (a) enhance the employment prospects of the individual;
- (b) meet industry's needs;
- (c) ensure, through Industrial Training Boards, that firms within their scope maintain good training standards.

The Attachment Training Scheme provides a wide range of vocational training courses not available in Government Centres.

In addition, management training is catered for by:-

- (a) an Entry to Management Programme which contains a number of schemes designed to provide opportunities for:-
 - young persons wishing to enter management;
 - redundant managers seeking re-employment;
 - people wishing to develop ideas for new businesses; and
- (b) a Management Development Programme which contains grant aid schemes to encourage action by employers to identify and meet management development needs.

2.23 The twin aims of the Youth Training Programme are to produce the adaptable flexible workforce essential for economic growth and to assist all 16 and 17 year olds to make the transition from school to adult working life. Young people who leave school at 16 and cannot find a job are guaranteed the offer of a 12 month full-time place on the Programme which combines training, further education and work experience. These schemes are organised by employers, Government Training Centres, Further Education Colleges and Community Workshops who come together in partnership groups all over the region to provide courses designed to meet the specific needs of the young people of their particular area. There are also full-time training places for 17 year olds which provide opportunities for them to develop the skills they have already acquired. These schemes are mainly community based and involve the young people in project work in their own locality. However the main provision for 17 year olds is through YTP Workscheme under which employers receive a grant if their young employees follow an approved training plan involving at least one day per week off-the-job training and/or further education. It is intended that the Government's guarantee of an offer of a training place to minimum age school leavers will be extended in Northern Ireland in line with the proposed guarantees to 17 year olds under the Youth Training Scheme, which applies in the rest of the United Kingdom. As the Programme is designed to cater for the needs of all 16 and 17 year olds, it is intended to develop the vocational preparation opportunities for those young people who remain in full-time education. Some initiatives are under way, but much remains to be done in this area.

Technical and Vocational Education Initiative

- 2.24 Young people must remain in full-time education until the age of 16 and increasing numbers are now staying on at school beyond this age. The schools have therefore a key role in the initial preparation of young people for the world of work and in balancing this against the wider needs of the individual and society as a whole. To achieve this schools are becoming increasingly aware of the need for a major review of the secondary curriculum to ensure that what is taught in schools is relevant to the real needs of the world of work and society in general. There are therefore a number of curriculum initiatives currently under way which are focusing particularly on the technical and vocational aspects of the curriculum and the need to relate education more closely to the world of work. The most fundamental and far reaching of these initiatives has been the 11-16 curriculum review and development programme which aims to improve the quality and relevance of education of all secondary school pupils and to prepare them better for adult life in which work is still the most significant element. Much more however remains to be done through the further development of the 11-16 programme to provide a framework for the incorporation of technical and vocational principles across the curriculum in Northern Ireland's secondary schools.

Universities

- 2.25 The two universities in Northern Ireland recognise and fully accept the vital role they play in meeting the industrial and economic needs of the Province. They also accept that, to strengthen the industrial base of Northern Ireland, they must produce an adequate supply of well-qualified graduates, particularly in science, technology and in management. Both universities place particular emphasis on the provision of courses in information technology and in associated research and development activities. Pro-rata, twice as many students in Northern Ireland undertake training in this area as in Great Britain. To give further impetus to this work, the Department of Education in Northern Ireland and the Industrial Development Board are jointly providing additional resources to The Queen's University, Belfast, to allow for the acquisition, on a large scale, of personal computers which will significantly enhance students' access to computing facilities. At the University of Ulster, a programme of mainframe computer enhancement and purchase will be undertaken over the next two years.
- 2.26 Both universities have developed close links with industry in their teaching and research activities; this ensures that courses are designed to prepare students to meet industry's requirements, and that much research and development work is related to product design and improvement. Each of the universities has established centres which provide support for industry through consultancy, training and advisory services. In addition, both universities are committed to the provision and updating of training courses for professionals in their own disciplines and in all aspects of management. All of these activities serve to strengthen within Northern Ireland the pool of skilled manpower, attractive to investors and a potential source of new businesses.

SECTION 3: DEVELOPMENT MEASURES

Industrial Development Institutions in Northern Ireland

- 3.1 Following a review of the organisation of Government economic departments in Northern Ireland, it was announced in August 1981 that a new institutional structure was to be created for the promotion of industrial development. The Industrial Development (Northern Ireland) Order 1982, which came into effect on 1 September 1982 provided for the amalgamation of the Department of Commerce, which previously had been responsible for industrial development matters, and the Department of Manpower Services, to form the new Department of Economic Development (DED) and the creation of an industrial development arm of the DED, called the Industrial Development Board (IDB). In recognition of the importance of small businesses in the local economy, it was decided that the Local Enterprise Development Unit (LEDU), which has responsibility for the promotion of jobs in the small firms sector, should remain outside the new IDB.

Industrial Development Board (IDB)

- 3.2 The IDB combines, in a single organisation, the previous industrial development functions of the Department of Commerce (DOC) with those of the former Northern Ireland Development Agency (NIDA). The organisation is staffed by former members of both DOC and NIDA, as well as business people from the private sector brought in on secondment or short-term contracts. The IDB aims to operate in an entrepreneurial and business-like manner, with the minimum of bureaucracy. The Minister responsible for the Department of Economic Development has overall responsibility for the IDB's operations, with the day-to-day operating responsibility in the hands of a Chief Executive and a Board, comprised of persons with wide commercial and industrial experience. The IDB has responsibility for the provision of financial assistance to firms generally employing over 50 persons.

Local Enterprise Development Unit (LEDU)

- 3.3 LEDU was established in 1971 and has responsibility for the stimulation and assistance of industrial development in firms in manufacturing and service industry employing fewer than 50 persons. It is a non-profit making company, limited by guarantee, and is funded entirely by grant from DED. The Unit is empowered by a directive from DED to provide a wide range of assistance, both financial and advisory, to small businesses. The LEDU strategy for the future is to pursue, to the maximum extent possible, its aim to maximise enduring employment in Northern Ireland by stimulating the formation, survival and growth of businesses in the small firms sector. The unit will continue with its special responsibility for encouraging the development of craft activity and self-help in the Province.

Assistance to Industry

- 3.4 The Government offers incentives, some automatic and others discretionary, to encourage industry to establish new projects, to expand existing operations, to modernise and re-equip, or to restructure or rationalise their operations in Northern Ireland.

Because of its special problems, the assistance available to industry in Northern Ireland is greater than that available in other Assisted Areas of the United Kingdom. The main measures include:-

- (a) standard Capital Grants - at the rate of 20% to encourage manufacturing investment in buildings, plant, machinery and equipment;
- (b) selective financial assistance based on the capital needs of the project. This can take the form of a grant towards the fixed capital costs of the project, and grants related to the build-up of employment in the project or to offset the cost of bank borrowings. In exceptional cases loans or loan guarantees can be provided. Further details of the selective financial assistance schemes are provided at Annex 2. In addition, the NI Industrial Development Board has powers to invest in companies by means of loan, loan guarantee or the acquisition of shares; to provide financial and other professional advisory services, and to encourage the promotion of joint ventures between Northern Ireland and overseas companies;
- (c) a range of schemes of assistance to help small firms (ie those employing fewer than 50 people). These are operated in the main by the Local Enterprise Development Unit in Northern Ireland, and are described in further detail in Annex 3;
- (d) assistance to support research and development projects and to help Northern Ireland industry to develop its sales of goods and services outside the region;
- (e) the provision of industrial sites and factories;
- (f) the creation of "Enterprise Zones".

3.5 In March 1983 the Government announced a series of new measures to aid industry in the Province, to make it more competitive in the attraction of overseas investment and generally stimulate the economy. The initiative covers:-

- (a) a corporation tax relief grant of up to 80% for new approved projects;
- (b) 100% derating of industrial premises;
- (c) 30% grant for approved energy conservation projects;
- (d) a grant aid scheme to help companies attract good quality management;
- (e) an advisory service to industry on production methods and processes.

Promotion of Job Creating Investment in Medium to Large Firms

3.6 The table below indicates the number of jobs promoted as a result of measures taken to encourage job-creating investment in medium to large firms:

Table I: Jobs Promoted 1960-1984

<u>Year</u>	<u>Companies New to NI</u>	<u>New Companies within NI</u>	<u>Expanding Companies</u>	<u>TOTAL</u>
1960-69	-	-	-	6,150
			(Annual average)	
1970	1,883	158	4,382	6,423)
1971	1,194	426	5,645	7,265)Annual
1972	275	507	7,409	8,191)Average
1973	1,116	189	5,740	7,045) 6,834
1974	765	244	4,239	5,248)
1975	315	95	3,062	3,472)
1976	423	749	1,732	2,904)
1977	-	1,077	3,570	4,647)Annual
1978	3,698	368	2,347	6,413)Average
1979	1,865	357	3,250	5,472) 4,410
1980	1,880	430	3,235	5,545)
1981	348	22	2,206	2,576)
1982	82	150	3,188	3,420
1983	316	773	1,494	2,583
1984	802	264	4,123	5,189

- 3.7 Major new foreign investments located in the region in recent years include General Motors (investment of £20 million in a seat-belt manufacturing project), Hyster (investment of £32 million in a fork-lift project) and AVX (an investment of £37m and the promotion of 1,000 jobs). The figures in Paragraph 3.6 also include jobs promoted in major expansions of existing operations. The projects named have all attracted support from the ERDF.

Small Firms

- 3.8 Since its inception in 1971 the Local Enterprise Development Unit has promoted over 24,000 jobs in Northern Ireland. Given the emphasis placed on the potential of the small business sector for job creation in Northern Ireland, LEDU adopts an active policy towards job promotion and creation and maintains and develops programmes of support and aid to small firms. The aim is to increase the level of entrepreneurship in the region, and to overcome the obstacles to the growth and development of small businesses. By 1990 LEDU expects these measures to result in an annual job promotion achievement of approximately 5,000 jobs. LEDU will also continue with its special roles of encouraging the development of small businesses in those parts of the region not suited to large-scale industrial development, and of fostering craftwork in the region. Emphasis will also be placed on supporting the activities of local industrial development organisations.

Assistance towards Research and Development and Trade Support Research and Development

- 3.9 Grants of up to 50% of the first £50,000 eligible expenditure in any 12 month period, and up to 40% on expenditure above that, are available towards the cost of developing new products and processes which will strengthen the commercial and technological base of a

company, subject to an overall grant limit of £250,000 per project. Other technology schemes, eg the Microelectronics Industry Support Programme, the Software Products Scheme, Support for Industrial Robots, which are operated at national level, also apply to Northern Ireland. Financial assistance is also provided to local institutions which undertake functions related to industrial research and development, technological support or industrial design. Support is offered against identified projects of work, chosen because of their direct contribution to industry and employment in the region. The Advisory Service to Industry scheme offers free consultancy advice to manufacturers on any aspect of their operations.

Industrial Sites and Advance Factories

- 3.10 The advance provision, preparation and servicing of sites for industrial and commercial use is an important part of regional policy and is coupled with a programme for the construction of advance factories and workshops in selected areas. Virtually all district towns have been provided with industrial sites for future development. Within the Belfast Enterprise Zone (see paragraphs 3.11 and 3.12 below) there are three small industrial estates totalling 7.2 hectares which are currently being developed to provide sites for individual projects. The Government also own most of the land within the recently designated Londonderry Enterprise Zone and a major sites development programme is presently under way to release additional small sites for industrial/commercial users on the Springtown Industrial Estate within the Zone. Generally, in relation to sites and factory provision, the Government is seeking to work increasingly in partnership with the Private Sector, and a number of initiatives are under way including the sale of large old factories for sub-division and of prime sites for new development.

Enterprise Zones

- 3.11 The Belfast Enterprise Zone was designated on 21 October 1981 and will remain in operation for 10 years. It covers 207 hectares of declining inner city zone, which had formerly been dominated by textiles, and reclaimed land on the North Foreshore of Belfast Lough. The Zone is managed and promoted by the Department of the Environment. Incentives include 100% capital allowances for tax purposes on new and refurbished buildings and exemption from rates. The incentives and support available in the Enterprise Zones are in addition to the range of Government help already available to encourage industrial development in the Province.
- 3.12 In using the Enterprise Zone to bring about urban renewal the Government has encouraged an integrated area-based approach combining the resources of the public and private sector. One such area has almost been completed in Hillview with public sector infrastructure which attracted ERDF funding being followed by private sector investment in new factory and warehouse buildings. A second area initiative - known as Lanark Improvement Area - will be serviced by new infrastructure by mid 1986 and provide sites for small and medium sized firms. ERDF is being sought to assist with the infrastructure costs. At Woodvale a feasibility study funded by the EEC's Integrated Operations studies budget has examined 20 hectares of derelict land. Proposals to develop this land through the provision of infrastructure will follow in 1986. The site provides further opportunities for industrial and commercial development. In addition, new training centres and workshops may be required to cater for the needs of small

and medium sized enterprises and particularly disadvantaged groups of unemployed. An area approach to the North Howard area off the Falls Road is also being developed where infrastructure renewal may have a rejuvenating effect on an old industrial area. ERDF will be sought on the infrastructure works and, in advance of implementation, private sector investment of fl4m is already under way. Complementing the area-based initiatives has been the conversion of large redundant textile mills, which dominate the zone, to other uses of which the most important are training and work spaces for small businesses. The private and community sectors have taken the lead here, aided by grants of which the most important is Urban Development Grant. Five mills are currently being converted and a further 4 may follow. A major community based project may undertake the redevelopment of one former mill site providing employment, training and community facilities in a particularly deprived part of the city. This project which could start in 1986 is dependent on putting together the necessary package of EC, national and private funding. Eighty hectares of reclaimed land in Belfast Lough are also being developed and in the first 4 years of the EZ most of this land has been developed.

- 3.13 Londonderry Enterprise Zone, which is managed for DOE by private sector development agents, was designated in September 1983. It consists of 100 hectares of land on the east and west banks of the Foyle. The land is mainly in the ownership of the NI Industrial Development Board though an empty 92,600 M² former Courtaulds factory is also within the zone. This has been bought by a local developer and is being sub-divided.
- The Londonderry Enterprise Zone is encouraging the development of small and medium sized business through the provision of private sector accommodation and by providing an environment of support and counselling. In its first 2 years 32 new projects had been established providing 181 jobs.

Urban Regeneration

- 3.14 Northern Ireland's most severe housing, social and economic problems are concentrated in Belfast, particularly in the inner city and this is reflected in the Government's policies and priorities. The problems of the inner city are exacerbated by the inner urban areas inheritance of a densely built physical fabric much of which has outlived its original economic usefulness but which imposes costs on development and acts as a major constraint on urban renewal. While the problem is particularly acute in Belfast and is encountered there on the largest scale it is also found in Londonderry and some of the District Towns.
- 3.15 In order to increase the effectiveness of the machinery to tackle urban problems and in particular to increase the involvement of the City Council and the private sector the Parliamentary Under Secretary of State with responsibility for DOE (NI) has strengthened the Belfast Co-ordinating Committee by increasing the Council's representation; he has also established 2 sub-committees which will include representatives of the City Council, a diversity of private sector, professional and community interests, and public bodies. The focus of the sub-committees will be primarily on the economic life of the city.

One will be responsible for the city centre's commercial development and the quality of the urban environment. The other will deal with economic activity in the inner city and seek ways of arresting and reversing the movement of economic activity away from the inner city. The Belfast machinery will also facilitate a 2-way flow of information between public and private sectors and improve the match between the investment framework established by public sector programmes and the investment aspirations of the private sector. The Belfast Co-ordinating machinery is also responsible for the City's Integrated Operations policy and Commission officials attend meetings when Integrated Operations are on the agenda.

- 3.16 Given the scale of the problems affecting the inner city areas of Belfast an integrated and co-ordinated approach is essential to provide good quality housing, upgrade the environment, stimulate economic activity, provide employment opportunities for inner city residents and counter social and educational deprivation. The main measure adopted to alleviate the severe social need in the inner city is the "skewing" or "bending" of mainstream departmental programmes to give priority to inner Belfast. The effects of this have been most marked in housing as almost half of the Province's allocation for public authority housing in recent years has gone to Belfast. The 18 most deprived wards of Belfast (known as the Belfast Areas of Need) have however also benefitted from enhanced levels of expenditure by the Department of Health and Social Services, the Department of Education and the City Council.
- 3.17 The other measures aimed at tackling the problems of the inner city include:
- (a) an additional Urban programme of £10m for special projects in the 3 year period 1985/88;
 - (b) an environmental improvement budget of £2m per annum which is aimed at improving the quality of the urban environment with a view to improving confidence and morale and making the city a more attractive place in which to invest;
 - (c) an Urban Development Grant budget of £3½m per annum which aims at stimulating private sector investment in the inner city thereby bringing derelict sites and buildings back into use and thus providing jobs, an improved environment, a strengthened revenue base for the Council and private sector inner city housing;
 - (d) the establishment of Belfast Enterprise Zone - see paragraph 3.11 - and, on the basis of the Enterprise Zone experience, an area based approach to the most difficult inner city areas.
- 3.18 These measures are already having a positive effect on the city. The Urban Development Grant has attracted over £30m of private sector projects - though some of these may not proceed. The projects include the provision of over 400 dwellings and over 300 units of accommodation for small and medium sized businesses. The Enterprise Zone has attracted some £35m of private investment. In addition the

improving confidence in the city centre has resulted in a further £80m of commercial investment recently completed, underway and planned which has taken place without any grants or incentives.

- 3.19 The new investment is taking place against a background of long term inner city decline and, while there is a noticeable improvement in the city's fabric its economy is still in acute crisis and jobs in declining sectors are still disappearing faster than replacement jobs can be created. The viability of the city centre as the retailing and commercial heart of the Belfast Urban Area is vitally dependent on access. Currently therefore considerable emphasis is being given to persuading businesses along the frontages of the main routes into the city to invest in their property so that the routes into the city centre should not deter people from coming into the inner city and city centre. Another vital aspect of city centre access is car parking. The provision of additional multi-storey car parking is regarded as essential transport infrastructure.
- 3.20 In order to chart a future for the city a number of key reviews are at present under way. The Belfast Area Plan is being reviewed and linked to this are reviews of the Urban Areas Transport needs, a review of the demand and supply of office accommodation and a retailing review linked to the consumer spending of the population of the urban area. In addition to these the NI Tourist Board has commissioned a study of Tourism in the Belfast Urban Area and the City council a study of the demand for costs and benefits of its proposed riverside Arts and Congress Centre. Arising out of these studies and a number of minor more specialist ones will be a need for new sets of capital projects which will contribute to the city's economic development. These projects will be fed into the updates of the city's Integrated Operations schedules of projects and some will be the subject of bids for ERDF assistance - particularly those related to tourism and economic infrastructure.
- 3.21 In addition to the work of public bodies and the private sector the "community" or voluntary sector is also making an increasing contribution in the provision of accommodation for small businesses. Further contributions by the voluntary sector will be encouraged in housing - where it is already well developed - job creation and the development of the cultural and recreational life of the city and its environmental improvement through the active participation of its citizens. Voluntary sector bodies can be aided through Urban Development Grant and under the Action for Community Employment (ACE) scheme and some voluntary sector projects may be aided by the European Regional Development Fund. The best example of this to date is the Portview mill conversion project of Belfast Development Agency in East Belfast.

Integrated Operations

- 3.22 The various policies and programmes for the economic regeneration of the Belfast Urban area come together in Integrated Operations. This is managed by the Belfast Development Office which is responsible for co-ordinating public sector programmes and the many reviews and studies currently under way. It was envisaged that Integrated Operations would enhance the effectiveness of the numerous community

instruments through better vertical co-ordination between regional, national and community levels and better horizontal co-ordination at each of the levels. Hence Integrated Operations provided the impetus to prepare a co-ordinated approach to investment aids, measures to improve the infrastructure, the environment, housing, retraining and all other aspects of the economic life of the Belfast Urban Area.

- 3.23 An Integrated Operations document was presented to the Commission in February 1985. The document was prepared for and approved by the Belfast Co-ordinating Committee on which the Commission was represented. Officials are now engaged in a dialogue with Commission officials on the development of the Integrated Operations approach to see what further contribution the European Community could make to the economic regeneration of the Belfast Urban Area.

INFRASTRUCTURE DEVELOPMENT

Hospital and Related Services

- 3.24 The achievement of the objectives outlined in Departmental policy depends to a large extent upon strategic investment in hospital services, and considerable progress has already been made in this area. In the Western and Southern Boards the Altnagelvin and Craigavon Hospitals respectively provide a basis for the concentration of acute services and the major Belfast Hospitals, including the recently completed Belfast City Hospital Tower Block, are a natural locus for the provision of such services in the Eastern Board. The new Antrim Hospital, on which construction will begin in 1986 and cost some £27.5 million will in due course constitute the main centre for acute hospital services in the Northern Board. Further developments incorporated in the Department's Regional Strategic Plan include the phased nucleus development at Altnagelvin Hospital, begun in 1984 and due for completion in 1988, and the planned rationalisation and development of laboratory facilities throughout the Province. Work is already in progress on the preparation of the Department's next Regional Strategic Plan covering the period 1987-1992 and this will largely re-state the current policy for the development of hospital services as outlined above.

Commercial Ports

- 3.25 The Region's need to import practically all its raw materials and to export the majority of its products, underlines the importance to the economy of modern, efficient and well-equipped ports. Although the economic recession did affect the level of trade, particularly during the early part of the decade, the figures for trade in 1984 and 1985 show an improving situation. For example Belfast, the Province's principal port, handled 5.9 million tonnes of trade in 1984 compared to 5.4 million in 1981, and is confident of reaching 6.6 million tonnes in 1985. In recognition of this improving situation and as part of the continuing need to further improve the efficiency of the ports, the various port authorities are committed to a substantial programme of investment over the next five years. Both Belfast and Larne, which together handle over 80% of the Province's sea-borne trade, have plans to further develop their facilities in order to meet the needs of port users. Work on the provision of a new quay at Larne

harbour, which will be equipped with a double ramp facility, began in January 1986 at an estimated cost of £3 million. Larne Harbour also plans in 1987 to undertake the reconstruction and modernisation of another quay, at an estimated £4.5 million, in order to deal with the growth in trade, particularly Roll on/Roll Off traffic, through that port. Belfast is already embarked on a number of [ERDF earning] projects including the provision of twin berth facilities at York Dock and work on these will continue well into 1987. The Belfast Harbour Commissioners are also considering the realignment of the existing Thompson wharf as part of a longer term re-modelling of the port and now propose to embark on a number of other major port improvements which had been held back pending a decision by DOE (NI) on the new Cross Harbour Bridges. Warrenpoint Harbour Authority too, having recently completed the deepening of the navigational channel leading to the port, hope to introduce a ferry service with GB and, if successful, this will lead to the further expansion of the port. ERDF financial assistance has been of immense value to all the port authorities in undertaking developments and while commercial viability will continue to govern all investment decisions, the allocation of ERDF grant aid for port infrastructure remains a major factor and enables the port authorities to undertake their programmes of modernisation without substantial increases in harbour charges, thereby enabling them to remain competitive.

Minor Harbours

- 3.26 1985 marked the completion of a major programme involving the development and improvement of the Region's minor harbours for amenity and tourist use. Many of the harbour authorities took the opportunity afforded by the availability of grant assistance from the Government and the EC to undertake major schemes of improvement to these harbours which will benefit both the local Community and visitors. While the pace of amenity harbour development will slacken during the next five years some harbour authorities are known to be considering the further development of those harbours which are their responsibility. As the Department of Economic Development's Amenity Harbour Grant Scheme has now been wound up, EC grant aid for such developments will naturally assume even greater significance.

Fisheries

- 3.27 The fishing industry makes a significant contribution to the Northern Ireland economy particularly along the Co Down coast where alternative employment opportunities are limited. Approximately 2000 people are directly or indirectly employed in the industry and the value of fish landed in Northern Ireland in 1984 was £9.5m. In order to maximise this contribution both domestic and EC assistance has been utilised to:-

- (a) improve the efficiency of the fleet through construction and modernisation grants;
- (b) encourage the processing sector, in particular the development of more modern facilities and added-value production lines;
and

- (c) provide harbour facilities.

It is envisaged that further investment in these areas is required and in particular that ERDF assistance will be sought towards the cost of further improving harbour facilities. Capital expenditure of some £2m may be expected in the period 1986/90.

Airports

- 3.28 External transport services are of particular importance to Northern Ireland because of the Province's isolation from Great Britain and mainland Europe. The provision of good air services for both passenger and freight transport is particularly important in promoting the Province's attractiveness as an industrial and tourist location. One of the vital links in this respect is the quality of terminal facilities for the air traveller.

- 3.29 Belfast International Airport is Northern Ireland's main airport. It handles some 1.6m passengers per annum and provides an extensive range of scheduled and chartered services on domestic and international routes. It is run by Northern Ireland Airports Ltd, a subsidiary of the Northern Ireland Transport Holding Company.

The third stage of a major development programme which began in 1977 is now underway. Increased aircraft landing facilities and greater passenger comfort and convenience provided under Stages I and II will be further improved to meet increasing passenger usage and air freight business. The additional work, which includes the provision of extra apron space, the adaptation of part of the existing international wing for domestic traffic and the installation of 2 passenger airbridges, will lead to increased operational efficiency and greater flexibility of operations to meet changing demands at the airport.

In 1984 the airport was selected as one of 6 designated United Kingdom Freeports.

- 3.30 Other airport facilities exist in Northern Ireland. Belfast Harbour Airport Services provide facilities for airlines operating scheduled services and there are currently 3 airlines serving 9 Great Britain destinations. Scheduled services also operate from Eglinton in County Londonderry to Dublin, Glasgow, Blackpool and the Isle of Man.

Roads

- 3.31 The Northern Ireland Regional Physical Development Strategy which was published in 1977, recognised that an efficient transportation system is vital to the further economic development of the region and to the effectiveness of the settlement pattern of the district towns. The level of personal mobility required to make this strategy viable is dependent on adequate communications. An efficient communications network can therefore contribute to the achievement of wider Community objectives. The current physical structure requires the following works to overcome its present inadequacies:

- (a) The provision of main distributor roads for new industrial and housing areas and their links to the strategic network.

- (b) The implementation on a basis of carefully selected priorities of the recommendations for road construction contained in the development strategies for Belfast, Londonderry and other district towns including by-passes and orbital routes to divert heavy traffic from built-up areas.
- (c) The completion, again on carefully selected priority basis, of the construction or reconstruction of strategic routes linking these district towns with major harbours and the airport at Aldergrove.
- (d) The execution of a number of minor schemes for safety or traffic management reasons.

In order to implement this strategy the new Foyle Bridge was completed in 1984 at an estimated cost of £27m. This attracted a commitment of some £10.5m from the ERDF. Work is in progress on the Enniskillen Through-Pass at a total estimated cost of £5.2m. The programme of works during the next few years will give priority to roads related to housing and industrial development. The programme envisages further works on the Belfast to Dublin route, including the Newry By-Pass at an estimated cost of £6.5m, improving the route between Antrim and Ballymena and further works related to the Belfast Transportation Strategy. A review of the Belfast Transportation Strategy is being undertaken by consultants on behalf of the DOE (NI) at present as an integral part of the preparation of a development plan for the Belfast Urban Area. This review will lead to the formulation of a revised Strategy to reflect the current and future transportation needs in the Belfast Area.

Railways

- 3.32 Northern Ireland Railways Co Ltd, a wholly-owned operating subsidiary of the Northern Ireland Transport Holding Company is responsible for railway services in Northern Ireland. The railway system consists of approximately 340 route kilometres and is basically a suburban network providing a commuter service for the Greater Belfast area with longer distance inter-city spurs to Londonderry and to the Border for Dublin. As secondary activities the Company also handles freight, mails and parcels. The freight traffic is confined to cross-border movements of bulk trainloads consigned under an agency agreement with Coras Iompair Eireann (CIE) from Dublin and Dundalk in the Republic to Belfast (Adelaide) and also through Londonderry for transhipment by road across the Border again into County Donegal. The railway company is almost totally dependent on Government resources to meet its capital programme. The major items of this programme over the next 3-4 years are ongoing track relay at around £1.5m per year and the provision of new signalling apparatus at £1m per year. Replacement of rolling stock at a cost of around £6m is expected to be complete by Mid 1986.
- 3.33 After a number of years of falling demand on the railways the NIR passenger carryings are now showing an upward trend with an increase of 7% in the 1984/85 figures over the previous year. In early 1984 rail services in the Newry area were reinstated with the re-opening of the Bessbrook station and 2 intermediate halts providing a link with

the main Belfast/Dublin line. Passenger carryings on these services remain at a high level with many passengers travelling cross-border to and from the Republic of Ireland.

Buses

- 3.34 Bus services in Northern Ireland are operated almost entirely by 2 publicly owned bus companies under a common board and management. These are Citybus Ltd and Ulsterbus Ltd which are subsidiaries of the Northern Ireland Transport Holding Company. Stage carriage services within the Greater Belfast Area are provided by Citybus and throughout the rest of the Province by Ulsterbus, which provides, in addition, a network of express services within the Province, cross-border and to a number of destinations in Great Britain. It also offers private hire and a holiday tours service extending as far as France and Germany.
- 3.35 A feature of bus company policy over recent years has been depot modernisation which has seen most of the rural depots upgraded or replaced. Most recent has been the provision of a new bus station at Dungannon in 1984. The construction of a new bus terminal in Londonderry to serve the north-west area of the Province is now underway and will replace temporary buildings at the same location. The new terminal will accommodate not only local traffic but numerous express services including those provided on cross-border routes in conjunction with Coras Iompair Eireann.
- 3.36 Two other small companies also provide local stage carriage services - Sureline Coaches in the Craigavon area and the Londonderry and Lough Swilly Railway Co in the Londonderry area within the city and on cross-border routes.

Water Supply and Sewerage

- 3.37 The Water Service, as part of the Department of Environment for Northern Ireland, is responsible for providing water and sewerage services where practical at a reasonable cost. At present some 96% of the population have a piped water supply while some 82% have public sewerage facilities (a further 14% to 16% have adequate sewerage facilities by means of septic tanks).

The content and overall strategy of the capital works programme is determined by demand and takes account of consultations with NI Water Council, District Councils and NI Housing Executive as well as operational requirements and long-term demand.

In broad terms, the programme is designed to maintain and improve the existing standard of services and to provide first-time facilities.

The programme is, however, flexible enough to take into account changes in importance, eg where a pollution problem becomes extreme or, where water shortages become unacceptable. Each scheme is therefore treated on its merits.

- 3.38 In specific terms capital investment on water and sewerage infrastructure is required for various purposes as follows:-

- a. public health;
- b. reservoir safety
- c. new housing or industry;
- d. growth in demand by existing consumers;
- e. housing improvement;
- f. first-time services to existing houses;
- g. maintenance and replacement;
- h. improvement of present services;
- i. improved operational efficiency;
- j. improvement in water quality other than for public health reasons;
- k. reduction in pollution; and
- l. other.

The actual make-up of the programme which is tailored to correspond with the Government's long-term expenditure programme, varies from year-to-year. In addition it is not always possible to categorise schemes in a specific group since they are often dual or even multi-purpose. Normally some 25% of the expenditure would relate to schemes in categories (a) and (c); 40% to categories (d) and (h); 10% to categories (f) with a balance spread over the other categories. Approximately 125 schemes are started each year.

- 3.39 Capital expenditure during the period 1986-1990 is scheduled at approximately £25m per annum. Some of the major projects programmed to commence during the period are as follows:-

Water Schemes - Belfast Water Supply Stage 2
 Mourne Conduit Stage 3
 West Trunk Main
 McCrory/Fingrean Catchment Extension

Sewerage Schemes - Kinnegar Sludge Improvements
 Ormeau Avenue Sewer Modifications
 Moria Sewage Disposal Works Improvements
 Newry Sewers Upgrading
 Tullaghgarley Sewage Treatment Works

The Belfast Water Supply Stage 3 is designed to ensure security of supplies to Belfast while the Mourne Conduit Stage 3 is an improvement to the Conduit which carries water from the Silent Valley to a large part of Co Down and about half of the City of Belfast.

Kinnegar Sludge Improvements, Ormeau Avenue Sewer and Moira SDW Improvements are part of an ongoing programme to improve the quality of water in the River Lagan. Tullaghgarley STW will augment the existing STW at Ballymena which was designed to serve a population of 35,000 but is now serving a population of 60,000 and is heavily overloaded.

- 3.40 A working party has been examining the need for a major new water source for Belfast, while an extensive Belfast Sewer Survey is being undertaken. It is anticipated, despite an extensive leakage programme, that a new water source will be required for Belfast some time around the turn of the century. Early indications are that

considerable remedial work will also be required to upgrade the Belfast Sewerage System. In the longer-term a new Belfast Sewage Disposal Works will also be required.

Drainage

- 3.41 A major programme of arterial drainage is being undertaken by Government throughout Northern Ireland. The prime objective is to provide a network of main drainage channels which will reduce the risk of flooding. The programme provides for improvement where necessary to the protection of existing industrial, commercial and residential properties and also enables much needed new development to take place. A major Cross-Border Drainage Scheme is being carried out in close co-operation with the Irish Republic and is the subject of EC grant-aid under Directive 79/197. A major programme of river culvert renewal in the City of Belfast is also being undertaken and is included in the Government drainage programme. The programme also includes the development of water recreation facilities - including navigation aids on the main waterways throughout the country. Such developments are considered to be of importance to the tourist trade as well as providing recreational opportunities for local people.

Electricity

- 3.42 The generation, distribution and sale of electricity in Northern Ireland is the responsibility of the Northern Ireland Electricity Service (NIES), a public corporation set up in 1973 for this purpose. NIES operates four power stations, with a nominal installed capacity of 2400 Megawatts. 90% of this capacity is oil-fired and the escalation of oil prices through the 1970s continually threatened to increase electricity prices to the customer to unacceptably high levels. In recognition of the burden which this would have imposed on the Northern Ireland community, and following a wide-ranging review of electricity matters, the Government announced in May 1981 that electricity prices in the Province would henceforth be set at the level of the highest prices in England and Wales. This relationship is maintained through an annual subsidy to the NIES. At the same time as the announcement of the tariff subsidy, the Government asked NIES to undertake an examination of the opportunities for reducing its dependence upon oil for electricity generation. A number of options were studied including the possibility of converting existing oil-fired power stations to use coal, inter-connection with other electricity systems, renewable energy sources and the possible use of indigenous lignite resources. The Government also commissioned advice from independent energy experts on the various options for future electricity supply in Northern Ireland. Following consideration of the recommendations contained in these studies the Government announced, in May 1985, its approval for the conversion of Kilroot Power Station from oil-firing to coal-firing. Provision will also be made in the design to retain the existing oil-fired capability, and to allow the future burning of a processed form of lignite, should this prove to be technically feasible and economic. The cost of this project has been estimated at £94m (at October 1984 prices) and the station is expected to be taken out of service in the years 1986 to 1988, and to be recommissioned in 1989.

- 3.43 The Government also announced in May 1985 that it had authorised NIES to enter into the preliminary planning stages of a new 450 Megawatt lignite-fired power station to be constructed at the lignite minemouth. This major project, which has been estimated to cost up to £500m, would, if approved, provide the necessary replacement generating capacity when several existing stations are due to be retired in the 1990s and also help to further reduce NIES' fuel costs by exploiting the cheap and plentiful indigenous lignite reserves. In view of the substantial level of capital expenditure involved in this development project, the Government is examining in depth the scope for private sector involvement in the ownership and operation of such a power station.
- 3.44 In addition to its electricity generation functions, the NIES operates an on-going programme of expenditure on transmission and distribution which will vary between £17m and £23m per annum over the next four years.
- 3.45 Community financial assistance towards the costs of these very significant infrastructure projects will be sought and indeed preliminary discussions have already taken place on a number of fronts - EIB loans for Kilroot conversion and for the proposed lignite station are expected to make an important contribution to the respective financing packages, while ERDF grants, possibly for the above large projects and certainly for the smaller transmission and distribution projects, will continue to provide valuable and very welcome assistance towards the development and improvement of the Province's grid system. A further example of the link between the Community's energy policy and local energy development objectives is the recent grant allocation from the Commission's Energy Demonstration Project Scheme towards a specific fuel cost reduction project being developed by the NIES.

Gas

- 3.46 On 6 September 1984 Government announced the cancellation of its earlier plans for bringing natural gas to Northern Ireland from the Kinsale field in the Republic of Ireland. This decision was based on the emergence of factors in the Spring of 1984 which showed that the purchase price of gas from the Republic of Ireland would be much higher than previously forecast and the estimated total demand for natural gas in Northern Ireland would be approximately one third less than previously forecast in 1983.
- 3.47 In announcing the abandonment of the Kinsale project, Government also stated that it could not continue to provide the open-ended and increasing subsidy needed by the industry which in 1984/85 amounted to some £12m. Government indicated, however, that it was prepared to examine any proposals for a viable gas industry. In response to this invitation, a Joint Working Group from the gas industry put forward a revised Kinsale Gas Scheme for consideration. The revised scheme was thoroughly examined by Government but it had to conclude that the scheme did not overcome the fundamental problems which had led to the cancellation of the original project. The scheme did not offer the prospect of a financially sound industry and, therefore, had to be rejected.

3.48 In the absence of on-going Government financial support the 13 undertakings which comprise the NI gas industry took stock of their position. With one exception, (the privately owned Portadown Gas Company), they decided to close. Government is committed to financially assisting the orderly rundown and closure of the gas undertakings including the provision of support towards operating losses, payment of grants to gas consumers to permit conversion to other fuels, works closure and redundancy costs. Most undertakings are expected to close by mid-1987 with the largest undertaking, Belfast Gas, taking up to 4 years (to 1989) to complete its closure arrangements. The total costs of closure are estimated at £97 million.

Telecommunications

3.49 British Telecom Northern Ireland has proposals for upgrading the telecommunication infrastructure in Northern Ireland. It is anticipated that a high quality telecommunications infrastructure can make an essential contribution to the economic development of the Province and the reduction of its geographic disadvantages. While the standard of the basic telephone service in Northern Ireland is at present comparable to that in the rest of the United Kingdom the same does not hold for the increasingly important area of data communications and business services. The proposed improvements include:

- (a) the provision of an optical fibre ring around Northern Ireland. This would provide modern business systems in all regions of the Province;
- (b) the provision of a submarine optical fibre cable between Belfast and Carlisle. This would link Northern Ireland into a transnational system that is extending across Europe. It would provide a higher quality service with a lower error rate for data than is currently available through the existing microwave link;
- (c) an optical fibre link from Northern Ireland to the Republic of Ireland. This would provide a diversity of access for both Northern Ireland and the Republic of Ireland into the transnational system; and
- (d) an extension of cellular radio systems to less favoured regions in Northern Ireland. This would extend cellular radio coverage and associated services to some 80% of the Province instead of being restricted to the Belfast area alone.

Mineral and Petroleum Exploration

3.50 A 6-year Government funded mineral exploration programme undertaken by the Department of Economic Development and the Geological Survey of Northern Ireland was completed in 1985. The primary purpose of the programme was to identify indigenous energy resources.

- 3.51 About 50 boreholes were drilled in known sediments of Lough Neagh clays and lignite was encountered at several locations, notably in the Coagh area of East Tyrone and at Ballymoney. The technical results have been made available to encourage private companies to apply for licences to carry out the prospecting necessary to establish the size, quality and commercial significance of deposits. Applications have been received for prospecting licences in several areas and it is hoped to award these licences in 1986.
- 3.52 In 1985, the results of seismic surveys and the work carried out to identify areas of potential hydrocarbon (oil and gas) significance were made available. Consortia have applied for licences to explore two areas in South East Antrim. This exploration will continue for 3-4 years, concentrating initially on geological and geophysical surveys and progressing, perhaps, to the drilling of exploratory boreholes.
- 3.53 Currently, 12 prospecting licences are held by companies searching for a wide range of minerals including base metals, coal, lignite and fireclay. Traces of gold (which is Crown property) have been found in bedrock in the Sperrin mountains; the commercial significance is to be fully assessed. The search for oil and gas in Counties Antrim, Armagh, Fermanagh, Londonderry and Tyrone has not yielded any commercial traces and the licensed exploration consortia are considering what further exploration work might be undertaken.
- 3.54 A 12 year 'pilot' mining licence was issued in 1984 for the development of lignite at Crumlin; Co Antrim near the Eastern shore of Lough Neagh. The licence permits the extraction of some 12m tonnes of lignite (total deposit is approximately 400m tonnes divided, almost equally, between onshore and offshore resources). The lignite may be developed for domestic and industrial use and possibly as a substitute for coal in parts of Belfast West Power Station. The most attractive economic use is as a fuel for electricity generation in a minemouth power station (see paragraph 3.43). Lignite represents Northern Ireland's only proven indigenous energy resource and potentially, could make a significant contribution to the Province's energy supplies.

Forestry

- 3.55 In an effort to provide an additional source of raw material as a basis for local industries the Government is continuing to extend the area of forest by an annual tree planting programme on Government owned land and by grant-aiding the afforestation of privately owned land. Increasing supplies of wood from earlier established forests are becoming available - the current annual harvest of 125,000 m³ from Government and private forests will rise to 145,000 m³ by 1990 and could eventually supply an annual sustained yield of approximately 1 million m³ of wood if the Government target of some 125,000 hectares of forest is achieved. Opportunities have been taken to develop outdoor recreational facilities in the Government forests and already considerable numbers of local people and tourists take advantage of the facilities provided. Opportunities for work provided directly in the forests and in the supporting industries represent an important contribution to rural employment.

The estimated capital expenditure on forestry in Northern Ireland by the Government during the period 1986-1990 is £707,000 each year.

The Tourist Industry

- 3.56 As an industry, tourism is labour intensive and well suited to the small-scale operations which are most likely to thrive in Northern Ireland. The proven durable nature of jobs in tourism - currently estimated between 8,000 and 9,000 - and their potential for creation at relatively low cost are factors of considerable importance to Northern Ireland, particularly in those areas where long-term job creation in manufacturing has proved most difficult. The steadily improving security situation combined with the recent substantial growth in the number of visitors to the Province has naturally given rise to optimism about the future growth of the industry. The deterrent effect of the image of violence on tourism figures has been much less pronounced over the past 5 years as evidenced by the increase of staying visitors from 710,000 in 1980 to 908,000 in 1984. During the same period, revenue earnings from tourism increased from £54.05 million to £77.75 million. Whilst this rate of growth may not be maintained over the next 5 years, the Northern Ireland Tourist Board estimates that visitor numbers should rise over the one million mark during the period to 1988. Government will give particular attention to improving co-ordination within the Northern Ireland tourist industry to enable it to achieve its full potential and thus further increase revenue earnings and promote additional jobs.
- 3.57 The Tourist Board has a commitment to produce a rolling 3 year marketing plan to be presented to the tourist industry on an annual basis which will define its strategies and targets in relation to identified market opportunities. The basic aim of the Tourist Board will be to achieve, on a cost effective basis, an increase in tourism revenues thus securing existing employment levels and also creating additional job opportunities. The region's existing accommodation facilities, though adequate for current demand, in order to remain competitive with the international market requires further improvement and upgrading to meet international standards. The one sector of the accommodation trade which requires further expansion in order to meet market demands is self catering and special emphasis will be placed in this area.

The provision of tourist attractions and amenities, such as visitor centres, car parks, picnic sites, transit caravan parks, toilets etc, is undertaken by local authorities with grant aid from the Department of Economic Development or, exceptionally, by the Department itself. A further development objective will be the provision of new tourist amenity facilities, particularly in those areas of major tourist potential. In addition, maximum benefit will be gained from the EC's Special Measure for the development of tourism in the border areas Council Regulation (EEC) No 3637/85. Government assistance to tourism in the Province as a whole is forecast at £17 million over the next 3 years. Details of the financial assistance for the development of tourism in the region together with examples of major tourist development schemes which are being considered or are currently under construction are contained in Annex 4.

Recreational Facilities

- 3.58 Recreational and sporting facilities are provided mainly by the 26 district councils in Northern Ireland, with grant (normally at the rate of 75%) from the NI Department of Education. Many of the facilities which have already been provided are located in areas where tourism is potentially important and in areas of high unemployment. The provision of modern, attractive sports and community centres, together with outdoor facilities for a wide range of activities, creates employment both in the provision and in the running and maintenance of the completed projects. Such provision enhances the attraction of an area for prospective industrial and commercial development as well as having a beneficial effect on the general economy of the district. One example of this is the flourishing market in sports equipment, footwear and clothing. Currently the Province has some 25 multi-purpose leisure centres, a range of local recreation/community centres, some 175 local authority playing field complexes and some 38 swimming pools, including those contained in the leisure centres. All are extensively used and, in particular, complement the natural and other amenities available to the tourist. The completion of the recreational and sporting capital works programme, will involve expenditure of some £20m.

Cross-Border Projects

- 3.59 Several joint cross-border economic studies have been undertaken, most with EC financial assistance. These are:-

Communications in Londonderry/Donegal Area; Mourne Herring Fishery; Tourism and Drainage in Erne Catchment Area; Infrastructure in Newry/Dundalk Area; Tourism in Newry/Dundalk Area; and Newry/Dundalk Road.

A similar joint study of the Lough Melvin (Counties Fermanagh and Leitrim) Catchment Area is currently being carried out. The aims of this study involve the conservation of the natural resources of the area and the potential for economic growth with particular reference to tourism. A number of projects identified in the study of Tourism in Newry/Dundalk have been implemented with assistance under both the main ERDF Regulation and the Special Border Areas Measure - Cranfield Amenity Area, Annalong Marine Park, Kilbroney Park, Flagstaff and Keggall Road Amenity Areas. The new Foyle Bridge constructed at Londonderry was one of the recommendations under the Communications in Londonderry/Donegal Area study. Measures will continue to be taken to follow up the recommendations of the various study reports where appropriate within the overall public expenditure constraints and in relation to priority in terms of regional development.

Agriculture

- 3.60 Northern Ireland is designated a specially disadvantaged farming area and about 75% of the land area is designated by the EC Commission as "less favoured" under Directive 75/268 and Directive 85/169. The Community has continued to recognise the importance of agriculture in Northern Ireland, its value to the regional economy generally, and its special difficulties. The Community has introduced a number of

special EC measures, in particular the Agricultural Development Programme, and has approved several specific national aids. Continuing use will be made of these to increase productivity of agricultural land by improving farm structure, introducing more effective drainage and better farm management.

- 3.61 The principal objective in Northern Ireland with the aid of EC Agricultural Structures Directives and Regulations (72/159, 72/160, 72/161, 75/268, 1054/81, 1942/81, 1201/82, 797/75) is to maximise the number of economically viable farms to contribute to the overall Northern Ireland economy. In addition, it is necessary to sustain the social structure of the area and to retain valuable skills on general and intensive livestock farms pending improvement in employment prospects in other sectors of the economy. Concentration of effort on food processing supported by industrial development grants and supplemented by EC aid under the marketing and processing schemes (eg EC Regulation 355/77), will improve additional employment prospects in the agricultural industry.

SECTION 4: FINANCIAL RESOURCES

European Regional Development Fund

- 4.1 Within the Community, Northern Ireland is recognised as a specially disadvantaged region and has received generous support from the ERDF since the Fund's inception in 1975. In the Commission's 1984 Report on the regions of Europe, Northern Ireland was shown to have the second highest intensity of regional problems of the 131 regions in the Community. Awards totalling some £202 million have been given between 1975 and 1985 in respect of Northern Ireland infrastructure and industrial projects. Major infrastructure beneficiencies have included the Northern Ireland Electricity Service, Port and Harbour Authorities, Northern Ireland Airports Limited and British Telecom. Major new industrial projects which have been supported include the Hyster Co (NI) Ltd (£3.98 million), Hughes Tool Co Ltd (£1.5 million) and MichelinUK Limited (£2.2 million).
- 4.2 In addition, Northern Ireland has benefitted under two of the first five special measures approved by the Commission - (a) a measure to assist the social and economic situation in the border areas which provided some £4.5 million over the period 1980-85 and (b) a measure to assist areas adversely affected by the decline in shipbuilding activities (£1.7 million over the period 1980-85).
- 4.3 Currently Northern Ireland benefits under three further specific measures:-
- (a) A "Repeat" Shipbuilding areas measure (£1 million to the Belfast Urban Area over the period 1984-89).
 - (b) A measure for areas affected by the decline of the textile and clothing industries (£13 million for the whole of Northern Ireland over the same period).
 - (c) A second border areas measure (1985-91) extended to include all of Northern Ireland with the exception of the Belfast Urban Area. The provisions for aid to small firms have been expanded to match those available under the shipbuilding and textile measures. All but one of the 26 local authorities will be eligible to participate in the programme, mainly through the provision of tourism infrastructure, under which some £9.5 million will be available.
- 4.4 The Commission has proposed two further specific programmes in which Northern Ireland may participate, these are an alternative Energy Programme (VALOREN) aimed at the development of alternative energy resources in less developed regions and a Telecommunications Programme (STAR) to assist in the provision and development of telecommunications in the less favoured areas.

European Social Fund

- 4.5 The function of the European Social Fund is to co-fund, with the appropriate authorities within the members states of the Community, measures designed to increase employment through vocational training,

job creation and retraining operations. In Northern Ireland the Social Fund supports a wide range of initiatives by Government, the public and the private sectors. In the context of the Fund Northern Ireland is defined as an area of "Absolute Priority" and as such attracts aid at the rate of 55% of eligible expenditure on approved operations.

- 4.6 Applications from Northern Ireland are submitted in respect of all eligible government training schemes. In the period 1973-1985 £279 million has been allocated towards the cost of approved public programmes. Operations assisted by the Fund include the Youth Training Programme, training within Government Training Centres, training within the Aircraft and Shipbuilding Industries to assist restructuring and ensure competitiveness, and training for handicapped persons. Assistance is also provided to voluntary organisations to operate training schemes particularly for handicapped persons. Private companies receive assistance from both the Department of Economic Development and the Social Fund towards the training costs incurred in recruiting employees to newly graded jobs. The Fund at present provides approximately £5 million per annum in respect of young persons under 25 years of age and the long term unemployed over 25 years of age. In total the Fund has contributed some £327.4 million to eligible activities in Northern Ireland.

European Investment Bank

- 4.7 Between 1974 and 1986 a total of £167.5m has been advanced by the EIB in direct loans to Northern Ireland undertakings in respect of large industrial and infrastructure projects. In addition, the Department of Economic Development, acting as agents for the EIB has arranged loans to 28 individual firms amounting to a total of £11.4m. Seven further agency loans amounting to £3.1m have been approved in principal, but not yet disbursed.

European Agricultural Guidance and Guarantee Fund (FEOGA)

- 4.8 Because of the nature of agricultural support measures it is not possible to quantify the benefit to Northern Ireland agriculture of expenditure from the Guarantee Section. The various infrastructure Directives have enabled investment on farms to benefit from an allocation of some £46.3m from the Guidance Section between 1974 and 1985. Capital investment of processing and marketing of agricultural and fishery products, on fishing boats and on special assistance to the animal feed sector has also been allocated some £30.4m from the Guidance Section between 1973 and 1986.

Urban Renewal Regulation

- 4.9 The Urban Renewal Regulation, which was adopted by the Council of Ministers on 21 June 1983, is an exceptional measure enabling assistance amounting to approximately £60m to be made available from the 1983-85 EC budgets for infrastructure projects contributing to urban renewal in the Belfast area. Although the bulk of the assistance has now been received, the balances of the second and third tranches (some £8m in total) remain to be paid. The projects selected for assistance fell into the following categories:-

Leisure, recreation and community facilities;
Social, welfare and health facilities;
Tourist Amenities;
Industrial Zones
Harbour facilities;
Public utility infrastructures;
Transportation networks;
Urban drainage; and
Environmental improvements.

The availability of aid under the Regulation, which requires that projects must be consistent with the regional programme, has enabled the United Kingdom Government to allocate additional resources for capital expenditure on urban renewal.

SECTION 5 - CO-ORDINATION OF GOVERNMENT ACTIVITIES

Budgetary Control

- 5.1 Northern Ireland has a highly integrated and centralised system of financial planning and control. At the heart of this system is the Public Expenditure Survey. Each year this comprehensive review determines the level of spending in all parts of the public sector in line with the finite resources available. There exist, therefore, efficient and effective arrangements for the prioritisation of all projects within Northern Ireland, including those which qualify for EC aid. The system also provides for critical scrutiny of value for money and other output indicators.

Infrastructure

- 5.2 In Northern Ireland the local authorities, unlike their counterparts in the rest of the UK, have limited responsibility for the provision of infrastructures. Their involvement is largely confined to the provision of tourism infrastructures and amenity harbour works. The majority of infrastructure is provided by NI Government Departments, by public bodies closely associated with these Departments or by other statutory bodies such as the five commercial harbour authorities.

Industry

- 5.3 Responsibility for the provision of financial assistance towards the development of industry is similarly concentrated in the Industrial Development Board and the Local Enterprise Development Unit (paragraphs 3.2 and 3.3).
- 5.4 This largely centralised administration and the budgetary mechanism outlined in 5.1 above ensure a high degree of co-ordination of activities in the region.

THE LOCAL AUTHORITY ROLE

- 5.5 The local government system in Northern Ireland consists of a single-tier of 26 district councils based on the main population centres.
- 5.6 The range of functions of each district council can be divided into 3 groups - direct, representative and consultative:-
- (a) Direct functions under which Councils are responsible for a wide range of local services including the provision and management of recreational, social, community and cultural facilities; environmental health, consumer protection; enforcement of building regulations; gas supply; and a range of basic domestic services. The Councils play a significant role, in co-operation with the Northern Ireland Tourist Board and the Department of Economic Development in the provision of tourist facilities and in promoting tourism. Councils also assist in the establishment and operation of local economic development organisation and in the provision by such organisations of premises for small firms.

- (b) Representative functions under which Councils nominate representatives to sit as members of various statutory bodies established to administer regional functions such as education and library services, health and social services, drainage services, fire protection and electricity supply.
- (c) Consultative functions through which each Council represents the view of its population on the way in which regional functions are operated in its district. This consultative role covers functions such as planning, roads, water and conservation which are administered by government departments and where there is an obligation, either by statute or by voluntary agreement, to consult each district council about proposals affecting its own district.

ANNEX 1

NORTHERN IRELAND BASIC INDICATORSAREA

14,153 sq km

POPULATION, 1984

- No 1.6 million
- % of UK 2.8%

OUTPUT, 1984

- Gross Domestic Product (GDP) £5,638 M
- GDP per head £3,571
- GDP per head, % of UK 77.4%
- GDP per head employed £10,402
- GDP per head employed, % of UK

INCOME, 1984

- Personal Disposable Income (PDI) £5,332 M
- PDI per head £3,371
- PDI per head, % of UK 86.3%

GROSS WEEKLY EARNINGS

	<u>NI</u>	<u>UK</u>
--	-----------	-----------

Including Overtime	Male - £164.12	£178.80
	Female - £112.30	£117.20

AVERAGE GROSS

Hourly earnings including overtime	Male - 376.97p	423.00p
	Female - 276.30p	310.30p

WORKFORCE, June 1985

	Numbers	Percent
Working Population	664,500	100
Employment	543,200	81.7
- agriculture	55,300	8.3
- energy	9,000	1.4
- manufacturing	103,300	15.5
- construction	31,200	4.7
- private services	150,700	22.7
- public services	193,700	29.1
Unemployment	121,400	18.3

<u>UNEMPLOYMENT</u>	Male	Female	Total
Total	92,400	33,900	126,300
% (of all employees)	27.9	13.6	21.7
Aged under 25, %	34.7	46.3	37.8
Long Term, over 1 year, %	53.8	32.1	48.0
over 3 year, %	27.5	11.3	23.2

Employment and Training Schemes

- Adults	9,700
- Youth Training Programme	8,000
- Young Workers Scheme	1,000

SELECTIVE FINANCIAL ASSISTANCE IN NORTHERN IRELAND

1. Selective financial assistance may be made available under the Industrial Development Acts (Northern Ireland) 1966 and 1971 as amended by the Industrial Development (NI) Order 1982 for creating employment in new industrial projects or in expanding or maintaining employment in firms whose continued existence is important to the economic development of the locality in which they are situated. Assistance is only made available where the project is assessed as commercially viable, is tailored to the needs of individual firms, and is assessed to cost-per job rules and to EC regional aid ceilings. It may include:

- (a) industrial development grants ranging from 40% to 50% of the cost of new buildings, machinery and plant (as an alternative to standard Capital Grants);
- (b) grants related to the employment build-up in a project;
- (c) corporation tax relief grant which can reimburse to companies creating new jobs, up to 80% of the corporation tax they have paid on profits arising from the project;
- (d) interest relief grants for companies obtaining loan finance from the private sector (maximum period available is 3 years at a concessionary rate followed by 4 years at 3%);
- (e) in exceptional circumstances loans at concessionary rates of interest and loan guarantees; and
- (f) rent grants to off-set a company's rent costs for a period up to 5 years.

These forms of assistance are available to both manufacturing industry and also for certain types of service industry projects.

ASSISTANCE TO THE SMALL FIRMS SECTOR IN NORTHERN IRELAND

1. Northern Ireland firms benefit from the extensive number of measures introduced by the Government at national level to augment the flow of capital - both equity and loan - into the small firms sector; to modify the tax regime to award enterprise and work more in favour of small firms; and to reduce the amount of Government interference in the small firms sector.
2. In addition the Local Enterprise Development Unit offers a range of financial and non-financial assistance to small firms. These include:
 - (a) selective financial assistance (on the same pattern as that described in Annex 2) and other additional incentives geared to the specific needs of small firms eg working capital grants, and an Enterprise Grant Scheme under which up to £5,000 may be provided to unemployed persons to assist with capital expenses in establishing a new business, with second stage assistance available for expansion to a maximum of 4 employees;
 - (b) a Small Firms Counselling Service, under which small firms can benefit from the guidance and advice on all aspects of business from experienced businessmen;
 - (c) a LEDU Business Centre to provide purpose-built display facilities for promotional use by small businesses;
 - (d) a Technical Enquiry Service, to provide free consultancy advice in technical and production problems;
 - (e) an Innovation Centre to help those searching for new product ideas;
 - (f) a New Enterprise Workshop to provide facilities for the development of new product ideas;
 - (g) a Management Development Service to assist with the setting up of bookkeeping procedures in new small firms and also the provision of necessary management skills;
 - (h) a Local Enterprise Programme, to assist self-help groups engaged in industrial and economic development activities at local level;
 - (i) a Private Developers Scheme, to encourage private sector developers to provide premises for small businesses in areas of need;
 - (j) the Better Business Services and Innovation Support Services Schemes, aimed at improving the qualitative management of small firms and introducing new technology into products and processes. These schemes are funded under the ERDF Shipbuilding and Textile and Clothing Measures (Regulations 217/84 and 219/84).

GRANT SCHEMES FOR TOURIST DEVELOPMENT

(a) Tourist Accommodation Grant Scheme

The object of the Scheme which is administered by the Department of Economic Development, is to give developers an incentive to provide or improve tourist accommodation which, in the opinion of the Department and the Tourist Board, is necessary to meet the needs of Northern Ireland in the current phase of tourism development.

When selecting projects for financial assistance, consideration is given to the following factors:-

- (i) The geographical location and the need for the development.
- (ii) The management and marketing ability of the operator.
- (iii) The economic and viability of the proposal.
- (iv) The project's potential to create employment or to extend the tourism season.

Approved expenditure will qualify for grant at a standard rate of 30%.

(b) Tourist Amenity Grant Scheme

Under Section 26 of the Development of Tourist Traffic Act (NI) 1948, as amended by the Development of Tourist Traffic (NI) Order 1972, a local authority may itself provide or assist in the provision of a tourist amenity. A tourist amenity is defined by the 1972 Order as meaning:-

"An amenity, facility or service provided primarily for visitors to Northern Ireland or persons spending their holidays in Northern Ireland or travelling within Northern Ireland on pleasure."

Examples of the type of project which will be considered for grant aid include the provision of:-

- (i) car parking and picnic areas in scenic locations along routes frequented by tourists;
- (ii) transit caravan parks;
- (iii) tourist information centres;
- (iv) wet-weather facilities or interpretation centres, particularly in the major resorts.

Capital expenditure on major Tourist Amenity developments approved by the Department may qualify for grant up to a maximum of 75% of approved costs.

(c) Grant Schemes Administered by the NI Tourist Board:

- (i) The Board may, at its discretion, award a grant towards the cost of mounting events deemed to have a substantial tourism element.

- (ii) Grant, at the rate of 35%, is available to the private sector towards the cost of establishing or extending Hire Cruiser operations on inland waterways.

In addition, a 25% grant is available for the provision of marina facilities and the supply of rowing boats for anglers. Sea-angling operations may also qualify for grant at the rate of 25% maximum.

- (d) Major Tourist Development Schemes under consideration or currently under construction.

Benone Tourist Scheme II	£1,500,000
Millisle Beach Park	750,000
Donaghadee Harbour and Seafront Revitalisation	1,200,000
Marina, Killough	1,250,000
Dundonald holiday Centre and Theme Park	8,260,000
Craft Centre, Enniskillen	550,000
Tourist Amenity Development, Tyrella	360,000
Bangor Seafront Development Scheme	3,640,000

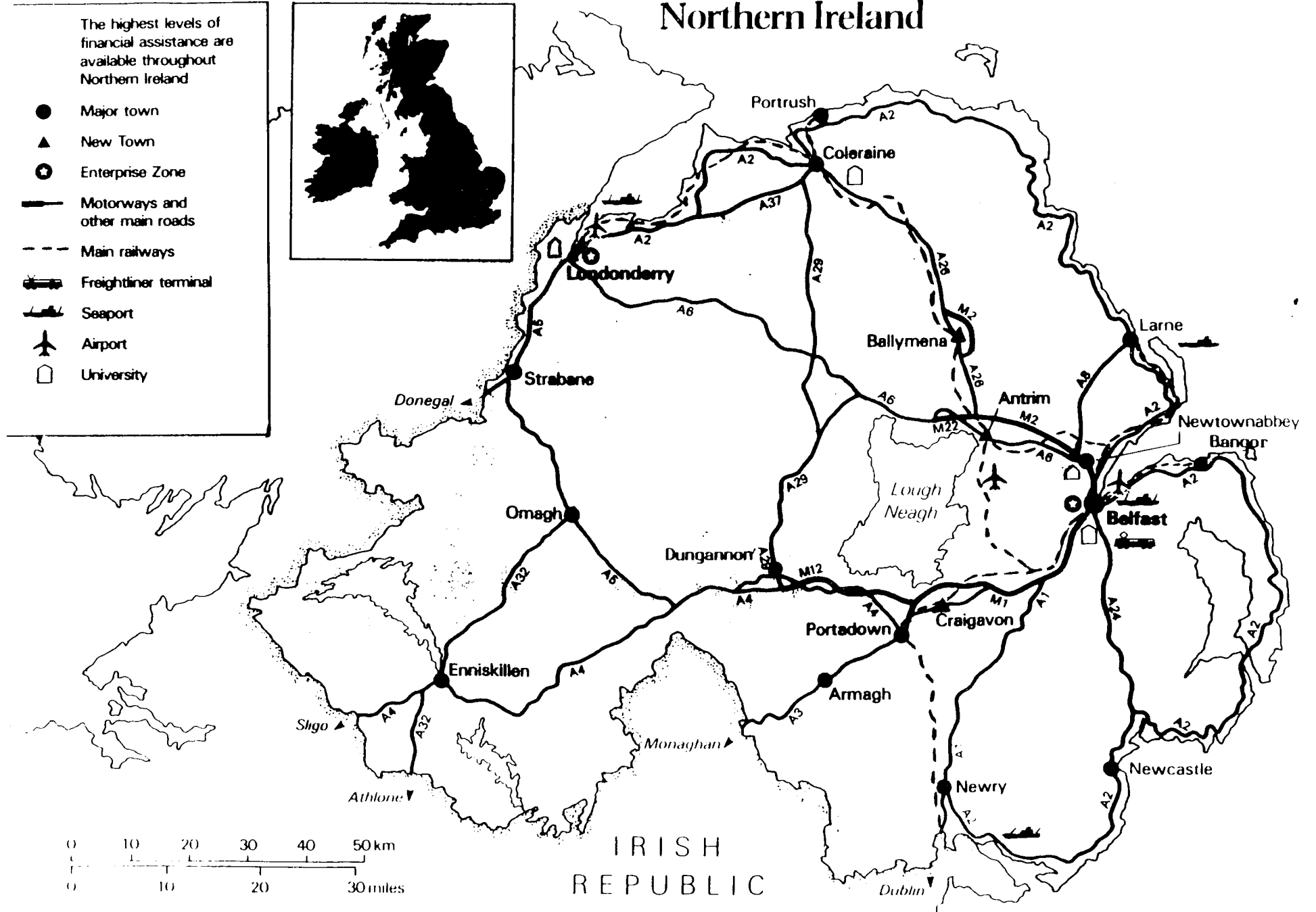
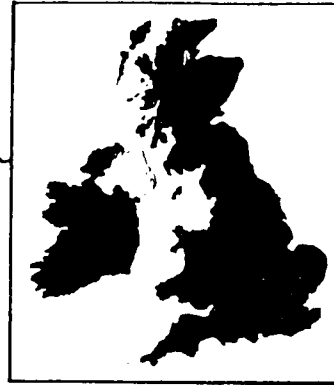
CENTRAL GOVERNMENT FUNDS FOR LOCAL AUTHORITIES

1. Central Government funds approximately 30% of District Council gross expenditure by way of specific and general grants.
2. Some 40% of capital expenditure on the provision of leisure and recreational facilities, tourism harbours, abattoirs, clean air etc is financed from direct grant assistance.
3. Excluding revenue expenditure incurred in the running of the Council operated gas undertakings, approximately 25% of District Council's gross revenue expenditure is financed from specific and general government grants. Of this assistance 80% is in respect of General Grant paid by the Department of the Environment. General Grant which helps each Council to reduce the cost of Local Services which are funded by district rates comprises 2 elements - the derating element and the resources element. The derating element compensates Councils for the loss of rate income due to the Statutory derating of certain properties such as industrial which is 100% derated. The resources element provides additional finance to Councils whose valuation resources per head of population are below a standard determined annually by the Department. The amount of resources element is calculated by a Statutory formula which is intended to allow the poorer Councils to spend the same amount per head of population as can be spent by an average of the more prosperous authorities.
4. Specific government grants towards revenue expenditure are paid by various Departments in respect of a number of Council run services, eg, revenue grants towards the running costs of community centres, community employment schemes. In addition, the loss making gas undertakings which are operated by 9 of the 26 district councils are assisted by DED which pays deficit support grant to them.

Northern Ireland

The highest levels of financial assistance are available throughout Northern Ireland

- Major town
- ▲ New Town
- ⊙ Enterprise Zone
- Motorways and other main roads
- - - Main railways
- 🚚 Freightliner terminal
- 🚢 Seaport
- ✈ Airport
- 🏛 University



Northern Ireland

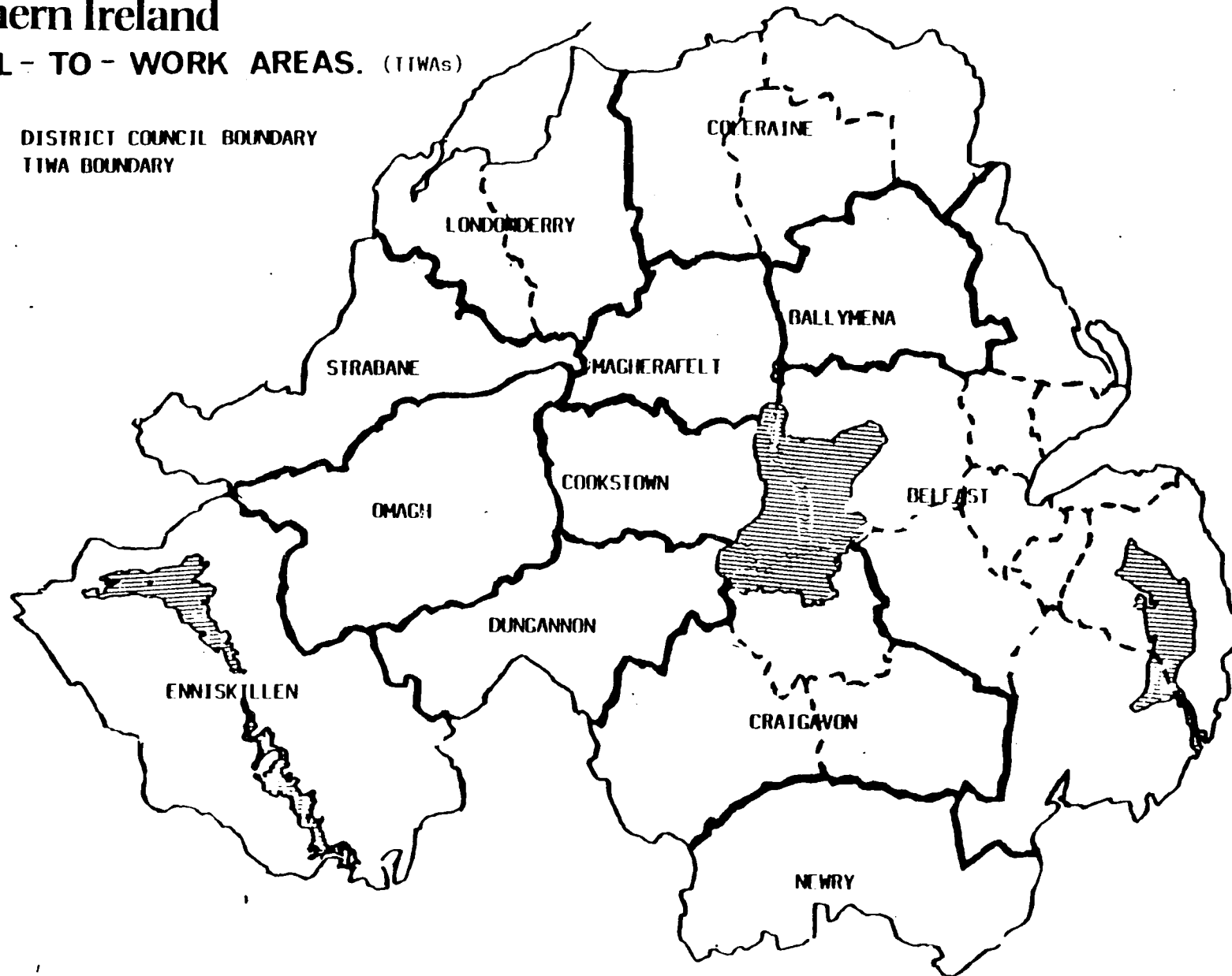
DISTRICT COUNCIL AREAS



Northern Ireland

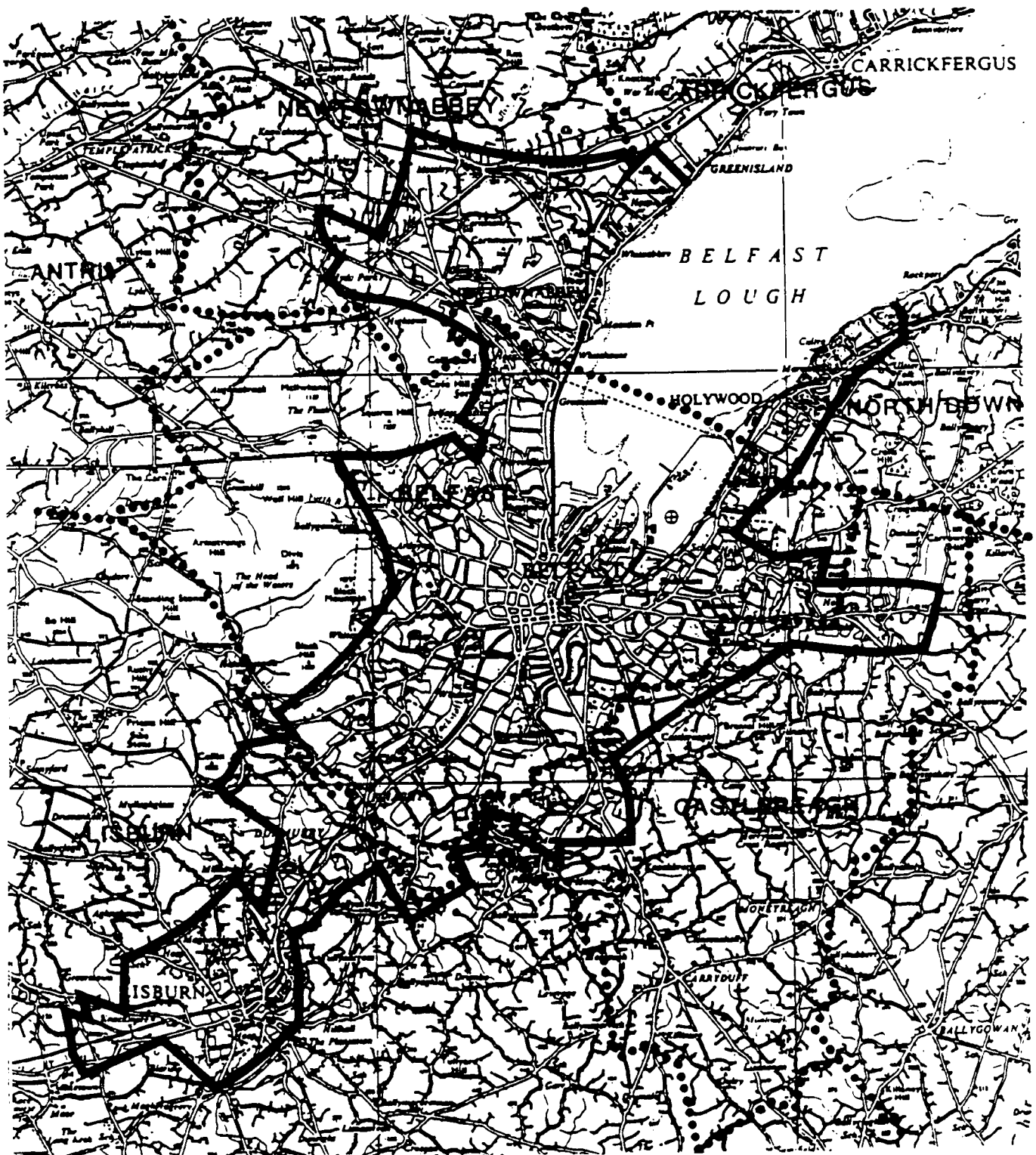
TRAVEL - TO - WORK AREAS. (TTWAs)

--- DISTRICT COUNCIL BOUNDARY
— TTWA BOUNDARY



INTEGRATED OPERATIONS

- BOUNDARY OF INTEGRATED OPERATIONS ZONE
..... BOUNDARIES OF DISTRICT COUNCILS



**European regional development fund
UK regional development programme 1986-90**

**Section 9: Scotland
Section 10: Northern Ireland**

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