

THE ENTERPRISE ZONE EXPERIMENT IN SCOTLAND: STRATEGIC PLANNING OR CRISIS MANAGEMENT?

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Introduction

In recent times there has been a catalogue of localised economic and industrial disasters in Scotland. The list is an impressive one, including Dounreay, Rosyth, Motherwell and Dunoon. Such crises raise questions as to the appropriate policy response to the crises associated with industrial restructuring and closure. A specific policy instrument employed by central government throughout the past decade is that of enterprise zones. At present there are four enterprise zones in Scotland – each a specific response to the localised problems of economic change and uncertainty. The critical question now is whether enterprise zones are an appropriate local response to the current difficulties in Scotland and whether further designations should be forthcoming.

Enterprise zones were introduced in the Local Government, Planning and Land Act 1980 and the Finance Act 1980. The concept initially formed part of a radical legislative and policy programme which was designed to redefine the nature and extent of state intervention in Britain. It reset the limits to central-local government relations, particularly with respect to local authority finance, housing and the operation of the land use planning system. Enterprise zones were initially established on an experimental basis for a ten year period and were specifically intended “to test how far industrial and commercial activity can be encouraged by the removal or streamlined administration of certain statutory or administrative controls”.⁽¹⁾ Subsequent to the enabling legislation, the Government embarked on three successive rounds of enterprise zone designation, in 1981, 1983 and more recently in 1989. As a consequence, over twenty five enterprise zones are now operational, albeit at varying stages of maturity, in Britain.

In Scotland, there are four enterprise zones: at Clydebank (1981), Invergordon (1983), Tayside (1983) and Inverclyde (1989). Although the Scottish zones were designated at different times throughout the 1980's they share some common characteristics. Thus, for example, each enterprise zone is located in an area which was suffering acute economic distress at designation usually precipitated by the collapse of an individual firm or the escalating endemic decline of a particular locality. Furthermore, and as a consequence of this, each enterprise zone designation has effectively ‘piggy-backed’ on

established public policy initiatives and measures. These circumstances clearly have implications for the perceived political success of the experiment. We argue in this paper that the four Scottish enterprise zone designations were primarily examples of crisis management and damage limitation rather than a comprehensive strategy to secure the redevelopment and regeneration of the Scottish economy.

This paper reviews the nature of the enterprise zone experiment and examines the progress, in terms of economic development and physical change, in the Scottish enterprise zones. It attempts to address the question as to whether enterprise zones are appropriate to the present day needs of the Scottish economy and of the distressed areas in particular.

The Ideology of the Enterprise Zones Experiment

At its inception the enterprise zone experiment reflected the economic and political philosophy of the first Thatcher Administration which had been elected in 1979. This was founded firmly in a commitment to a liberal market democracy, with maximum freedom for market forces and a concomitant limitation of government controls and regulations over private economic interests. For the purposes of this paper the market based philosophy may be considered to have had two main effects on local economic policy.

Firstly, the new approach contested, and effectively rejected, the stability of the political consensus over social and economic policy that had prevailed in the greater part of the period since 1945. This, for example, had resulted in a broad consistency between successive governments over the implementation of economic policy. As noted by Wapshott and Brock⁽²⁾ “the parameters of party political debate in the post war years had been fixed” and “the main differences between the parties had been restricted to defining exactly where the boundary line between private and state industry should be in a mixed economy which was agreed by both sides”. The significance of this is important, for the government's view also stood in marked contrast to traditional Conservative thinking.⁽³⁾ This set the scene for a radically new approach to economic policy. Secondly, the Thatcher Administration set about designing its own market based approach to social and economic policy. This was based much more explicitly and pragmatically on the freedom of market forces and the greater restriction of government intervention, participation and control. Indeed the role of government was perceived as being principally concerned with the provision of incentives (themselves more market or price oriented than in the past) to facilitate the more efficient operation of the market itself. The commitment to an alternative approach was reinforced by the need to demonstrate the cost-effectiveness of market based solutions to local economic decline and redundancy.

The government's economic and political philosophy had a number of effects on the design and implementation of the policy instruments intended

to secure local and regional economic development in Britain. On the one hand, for example, the policy instruments which had been inherited from the previous Labour Administration were modified so as to reflect more accurately the Government's own ideological interpretation of the problems associated with an uneven geographical distribution of economic opportunity and activity. This was the case, for example, with regional industrial policy which was amended in terms of the nature and extent of the geographical coverage of assistance – to emphasise selectivity of support, and the level of expenditure to be allocated to such industrial intervention. In Scotland, these changes had a marked eroding effect on the geography of industrial policy assistance.⁽⁴⁾ It is important to note that, as a consequence of these changes to the regional policy framework, greater emphasis was placed on the regional development agencies, including the Highlands and Islands Development Board and the Scottish Development Agency, to facilitate more indigenous economic activity and industrial development.⁽⁵⁾ Even here, however, a number of changes were made to the operating remit and objectives of the development agencies so as to reflect better the overall market based approach.⁽⁶⁾ This restructuring process has escalated of course with the dissolution of the two development agencies and the introduction of Scottish Enterprise and Highlands and Islands Enterprise as replacement arrangements with broader market oriented responsibilities.⁽⁷⁾

On the other hand, the Conservative Government introduced its own alternative policy instruments. These were designed to complement the modified 'conventional' public policy framework for local and regional economic development. This raises an interesting question as to why a newly elected government, with a political mandate for change and informed by a radical economic and political philosophy, should choose to retain inherited structures, agencies and policies and simply modify them to their own approach. The answer probably lies in a mix of administrative inertia, political immaturity and an awareness of the political costs which would be associated with the removal of certain policies. Regional industrial policy is a case in point. Many areas, such as Scotland, were heavily dependent on public sector assistance. The removal of such support would have had a major effect on the confidence of Scottish local authorities and inhibited Scotland's ability to attract inward investment and to encourage indigenous business activity. Furthermore, the government's alternative policy instruments were intended to achieve the practical implementation of its radical market based ideas and, to demonstrate the effectiveness of such radical measures in comparison with the established policy instruments. The alternative measures introduced by the government included freeports (as at Prestwick), the enterprise zones, and urban development corporations in England and Wales, all of which were intended to bring about investment by private investors and developers in areas of decline.

The Enterprise Zone Experiment

The enterprise zone initiative was 'experimental' in two senses: as a 'supply side' emphasis on providing incentives to the private sector to

undertake investment and development, and the setting of a ten year limit to its operation. Furthermore, the initiative was to be monitored and assessed as to its contribution to securing economic and physical regeneration in the designated localities. The alternative approach of enterprise zones, when compared to earlier policy measures, was apparent in the evolution of the idea throughout the 1970's. A broad dissatisfaction with the perceived failure of conventional interventionist urban development policies had encouraged interest in a relatively more 'hands-off' or market led approach to local economic regeneration. In 1980, however, enterprise zones were introduced rather more specifically as part of a free market political agenda. It was stressed that the enterprise zones were intended for "areas of economic and physical decay where conventional economic policies have not succeeded in regenerating self-sustaining economic activity" (Department of the Environment, 1980). Furthermore, it was stated that the enterprise zones "will be in different parts of the country, and different types of site will be chosen in order to test the effectiveness of the approach in different circumstances. The establishment of enterprise zones will not be part of regional policy. Nor will it have any direct connection with the application of other existing policies such as inner city policy, rural development or derelict land policy". The alternative approach of the enterprise zone experiment to securing local economic regeneration is evident from this statement. This suggests a systematic policy framework designed to address the geographically localised problems of economic and physical decline and at the same time to demonstrate the superiority of market based ideas in solving local economic problems.

In practice, the enterprise zone experiment was essentially a property-led local economic development policy measure. It heralded a new policy approach to the problems of localities by emphasising the role of land and property as an economic stimulant in its own right. Indeed, it has been subsequently argued that property development is now taken as synonymous with economic development.⁽⁸⁾ The land and property development focus of the enterprise zone experiment was explicitly reflected in the individual incentives made available in the designated zones. These were exclusively targeted on the regeneration of the local land and property sector of the enterprise zones. The incentives included a planning agreement, a number of financial provisions and certain administrative arrangements. Each individual measure was intended to have an impact on a specific aspect of the land and property development process in the designated enterprise zones. We may consider these as follows.

Firstly, the planning agreement is effectively a hybrid of a local plan and planning permission.⁽⁹⁾ It sets out to ensure that there should be as much freedom as possible for different types of development to be accommodated in the zones without need to seek the consent of the relevant local planning authority. In practice, however, the planning agreements have not created 'planning free zones', as the local authorities have by means of conditions attempted to provide for a managed or structured pattern of development in

the zones. The planning agreement was an incentive specifically targeted on property developers to streamline or simplify the regulations governing the development of land. Secondly, the two principal financial provisions are capital allowances for tax purposes and exemptions from rates. Within enterprise zones capital allowances for income tax and corporation tax purposes are provided for capital expenditure on the construction of industrial and commercial buildings and hotels. This incentive is targeted at the actual construction of property in the enterprise zones. The exemption from rates (now the Uniform Business Rate) applies to industrial, commercial and retail property. The measure is an incentive to encourage the occupation of the buildings constructed in the zones. Finally, administrative arrangements are streamlined, particularly with respect to processing any residual planning applications and building regulation approvals, queries about land release and availability, and the provision of infrastructure. Similarly there is a reduction in government requests for information from firms located in the enterprise zones. The complementary measures are intended to address the physical land use problems associated with the areas designated as enterprise zones. As one commentator stated "the measures are not essentially about liberating private enterprise; rather they are about encouraging the physical development of specific sites which might otherwise remain vacant, because of their physical condition and/or inadequate demand"⁽¹⁰⁾.

The Designation of the Scottish Enterprise Zones

As noted above, the enterprise zone experiment was targeted on specific geographical areas of economic decline and physical decay. Indeed, it is the latter characteristic that appeared to define the areas subsequently designated as enterprise zones. Thus, for example, with respect to the first round of enterprise zone designations, it was noted that "all comprise in large part of vacant and under-used land. In most of the zones the present position is the result of the decline of earlier industrial or commercial activity which has left behind seriously damaged land".⁽¹¹⁾ Although the second round designations appeared to comprise areas of land of superior quality, in the form of established industrial estates and greenfield sites, it was clear that a basic under-utilised or neglected resource was being identified as the starting point for securing a process which would achieve local economic regeneration in the defined areas.⁽¹²⁾ A reliance on such descriptions alone of the enterprise zones does not, however, capture the poverty of the economic and industrial circumstances in the individual zones at the time of designation. It is necessary, therefore, to explore the context within which each of the Scottish enterprise zone designations was made.

(a) Clydebank

The first enterprise zone to be designated was in Clydebank, a town of some 54,000 located on the north west periphery of the Clydeside conurbation. It developed as an industrial town dominated particularly by shipbuilding and

heavy engineering.⁽¹³⁾ The structure of the local economy became more unbalanced throughout the post war period. By 1978, for example, some 60% of manufacturing employment in Clydebank was concentrated in four major firms and, furthermore, the relatively high degree of industrial concentration was compounded by their multinational ownership.⁽¹⁴⁾ The Clydebank economy was therefore vulnerable to any external decision making carried out by these enterprises. The early 1980's witnessed such a process of rationalisation. As Brownrigg notes, by 1982 two of these firms had gone, the third had changed hands and the fourth was surviving at a reduced level of employment. The local effects were catastrophic. The Singer Sewing Machine Co., in particular, closed in 1980 with the loss of 3,000 jobs. As a consequence of this concentrated collapse of the Clydebank industrial base the Scottish Office established a Working Party to examine the local prospects and potential of the local economy. The study documented the inexorable decline in employment in Clydebank from 1960 onwards. It pointed out that despite considerable government support in the form of regional assistance there had been a 25% decline in manufacturing employment over the period 1971 to 1976, a figure which was compared with 9% for Scotland (Clydebank Working Party, 1979).⁽¹⁵⁾ The Working Party recommended the setting up of a Scottish Development Agency (SDA) Task Force to address the problems of the local economy. This was established in 1980 and initiated schemes for industrial promotion, factory building, environmental improvement and the provision of advice to small business. This provided the immediate local development framework to the local economy and led directly to the formal designation of the Clydebank enterprise zone in 1980.⁽¹⁶⁾

(b) Invergordon

The second enterprise zone was designated at Invergordon, located in Easter Ross, some twenty miles north of Inverness. It is part of the Highlands and Islands, a regional economy characterised by depopulation, low income levels, unemployment, a lack of inward investment and low activity rates. Its peripheral location and the problems associated with relative inaccessibility have combined to make the region problematic in terms of public policy. The Highlands and Islands Development Board (HIDB) established in 1965 was given responsibility for securing the economic and social development of the region and has implemented strategies designed to attract inward investment and enhance indigenous resource based activities.⁽¹⁷⁾ An aspect of the HIDB's early industrial development strategy was to attract large scale capital intensive enterprises to the region which would be located in key growth centres. Invergordon was the preferred location for an aluminium smelter operated by the British Aluminium Co. The smelter commenced production in 1971. Mackay⁽¹⁸⁾ argued that, through the provision of over 700 secure and well-paid jobs, it brought a substantial improvement in the economic fortunes of an area which was previously experiencing depopulation and high unemployment. The problems of establishing a large industrial plant in a rural area were alleviated by the special planning arrangements made, and by

British Aluminium's determination to integrate its activities and those of its employees with the local community and economy. In December 1981 the aluminium smelter closed due to deteriorating conditions in world commodity markets. There was an immediate loss of some 890 jobs, which represented 10% of local employment with the result that unemployment reached 24%. There was a further multiplier effect on local firms supplying the smelter. The effects created a local crisis and the Secretary of State responded by establishing 'a study for recovery' by the Scottish Office and the HIDB. This recommended action in the form of additional regional assistance to the area and the provision of further incentives to create a *de facto* enterprise zone. As a consequence of these recommendations and the political sensitivity of the crisis, the Invergordon enterprise zone was granted formal status in the summer of 1982.

(c) Tayside

The third Scottish enterprise zone was located in the Tayside region, based on sites in Dundee and Arbroath. The Dundee local economy, in particular, is an example of an unbalanced industrial structure with an over-representation of (declining) activities and an under-representation of growing sectors. Its dependence on jute has been tempered in the post war period through diversification into service sector activities, machinery, domestic electrical appliances and watches and clocks, but the economy remained vulnerable to external influences.⁽¹⁹⁾ The diversification of the local economy was facilitated in part by the provision of regional policy assistance and this was complemented in the late 1970's with two area-specific projects set up by the SDA, the Blackness Project and the Dundee Project.⁽²⁰⁾ The Dundee Project, in particular, was very influential as it set out to promote Dundee as a location for high-technology based industrial activity. In 1982, following the invitation by the Department of the Environment to local authorities to tender for enterprise zone designation, a proposal was submitted for a Tayside enterprise zone. This was accepted and the enterprise zone became operational in January 1984.

(d) Inverclyde

The fourth Scottish enterprise zone is located in Inverclyde some twenty miles west of Glasgow, on the south bank of the Clyde. It forms part of the Port Glasgow-Greenock-Gourock area of the regional economy. Although in physical terms the area appears as if it is an integrated part of the Upper Clyde shipbuilding industry, it is actually a distinct labour market in terms of its pattern of industrial development and associated journey-to-work flows.⁽²¹⁾ Up to the mid 1980's, the local economy was subject to two sets of restructuring processes. Firstly, there was a marked decline in the traditional industrial sectors which dominated the local labour market. These included shipbuilding, marine engineering and associated port-related activities. Over the period 1981 to 1984, for example, manufacturing employment declined by

14.1% whilst total employment declined by 7.4%. Secondly, there was some limited inward investment into the local economy, associated primarily with high technology and electronics although this was not sufficient to compensate for the decline in the traditional industrial base. As a consequence, unemployment in Inverclyde increased from 12.8% (1980) to 18.7% (1984) and 21.4% (1987). In 1985, the Scottish Development Agency, in partnership with Strathclyde Regional Council and Inverclyde District Council established the Inverclyde Initiative. This had the stated objectives of diversifying the local industrial base, initiating training programmes in the local area and developing new business enterprises. The private sector played a critical role in the Inverclyde Initiative, as a broker in the provision of training services to the local economy. The Inverclyde enterprise zone was formally opened in 1989.⁽²²⁾

The general impression is reached that the Scottish designations were essentially a political response or reaction to a localised crisis. With respect to Clydebank and Invergordon the enterprise zone designation followed the collapse of key individual plants in the local economy. The Tayside and Inverclyde designations were rather more a response to the escalating process of localised decline in those particular areas. Each of the enterprise zone candidates, however, contained significant areas of redundant land which provided the basis for a local property-led economic regeneration framework. More significant, however, is the fact that the four enterprise zone designations were attached to established programmes of local economic assistance. The enterprise zone experiment in Scotland benefited, therefore, from a certain degree of local momentum and indeed from a massive injection of public sector investment. In no way, therefore, can the four enterprise zones be considered as having moved from a 'standing start' with a private sector engine.

The Scottish Enterprise Zones

We may illustrate the arrangements in the four enterprise zones as follows. Firstly, the Clydebank enterprise zone comprised an area of 230 ha., of which some 40% was unused at the time of designation. Some 20% of the total comprised the buildings vacated by the Singer Sewing Machine Co. which formed the centre of the enterprise zone. The principal landowners of the designated area were in the public sector, including the SDA (24%), Clyde Port Authority (17%) and the local authorities (14%). Secondly, the Invergordon enterprise zone is a relatively small area of 60 ha. and is composed of two individual sites (Invergordon and Alness). The former is a greenfield site lying adjacent to the redundant smelter which also had at designation a small number of serviced sites and premises made available by the HIDB. At designation the latter was a small industrial estate which included a high amenity greenfield area. The principal landowners of the enterprise zone were in the public sector, including Highland Regional Council (81%) and the HIDB (14%). Thirdly, the Tayside (Dundee -

Arbroath) enterprise zone comprises 120 ha. in seven individual sites. One site is located in Arbroath (36 ha.) and six sites are located throughout Dundee (85 ha.). There are two enterprise zone authorities – Dundee District Council and Angus District Council – who with the SDA, British Rail and the Dundee Port Authority are the principal landowners. The sites are diverse in character, including greenfield areas, industrial estates, Dundee waterfront and the airport. Finally, in Inverclyde the enterprise zone authority is Inverclyde District Council. The zone comprises an area of 110 ha. and is composed of eleven individual sites. Ownership of the land includes the public sector (Inverclyde District Council, Clyde Port Authority, Scottish Development Agency) and the private sector. Some sites are in joint ownership. The sites vary considerably in size (from 2 ha. to 34 ha.) and in terms of location, land use and condition. At designation, the majority of sites required servicing and the provision of infrastructure, including sewerage, water and access roads.

What have the enterprise zones achieved? In 1986, the Department of the Environment commissioned an economic evaluation of the enterprise zone experiment. The evaluation study went beyond the straightforward monitoring of the changes that had taken place in the enterprise zones since designation to include an identification of the contribution of enterprise zones to economic and physical change in the local areas in which they were located and to measure the main public costs and benefits associated with the experiment.⁽²³⁾ The study concluded that, in addition to creating jobs and firm-related benefits, the enterprise zone designation “in operating on both the demand side and the supply side of property markets has simultaneously encouraged the development of new premises in hitherto derelict or neglected sites and attracted firms into those premises. In this respect the experiment was well designed”. In addition to these non-job related benefits, the study suggested that enterprise zones had involved the removal of physical dereliction and secured the improvement of the environment in the designated areas. A subsequent monitoring report published by the Department of the Environment.⁽²⁴⁾ provides us with an update on the available information enabling us to gain an appreciation of the contribution of the overall enterprise zone experiment to economic and physical regeneration in Scotland.

In December 1988, there were 97,600 employees located in the established enterprise zones in Britain. This represents an increase of 224% since designation. Of the employees, 57% were in industrial activities and 43% in the service sector. Of the total jobs, 64% were male and 87% worked full time. The greater proportion of jobs was associated with the first round enterprise zones and there were significant variations in the number of jobs between individual zones. Details are given in Table 1.

There were 4,344 establishments in the enterprise zones, representing an increase of 3,000 since designation, as shown in Table 2. Some 64% of the establishments in the enterprise zones were in the first round of designations and again individual zones varied considerably. The majority of the

Table 1: Total Employment in Enterprise Zones, December 1988

	Employment	% Change since designation
England:		
Round 1	51,400	185
Round 2	28,700	646
Total	80,200 (82%)	
Wales:		
Round 1	4,500	118
Round 2	4,500	72
Total	9,000 (9.2%)	
Scotland:		
Round 1	5,800	105
Round 2	2,600	301
Total	8,300 (8.5%)	
Great Britain:		
Round 1	61,700	169
Round 2	35,800	404
Total	97,600 (100%)	224

Source: Department of the Environment, 1990

Table 2: Total Establishments in Enterprise Zones, December 1988

	Establishments	% Change since designation
England:		
Round 1	2,275	240
Round 2	1,245	504
Total	3,520 (81%)	
Wales:		
Round 1	248	214
Round 2	190	13
Total	438 (10%)	
Scotland:		
Round 1	268	31
Round 2	118	372
Total	386 (9%)	
Great Britain:		
Round 1	2,791	193
Round 2	1,553	289
Total	4,344 (100%)	221

Source: Department of the Environment, 1990

establishments were small; 76% of firms employed less than 20 people and less than 1% employed more than 500. Almost 60% of the establishments in the enterprise zones were engaged in service sector activities. A critical aspect of the number of jobs and establishments in the enterprise zones concerns their origins. The evaluation study noted that for 1986, some 23% of all firms were in the zones at designation; of the post-designation firms, transfers into the zones comprised 37%, branches were 14% and new start-ups 25% of the total.

With respect to the physical development of the designated enterprise zones the key indicators are the improvement to the stock of land and property and the availability of floorspace for subsequent productive use. As shown in Tables 3 and 4, by October 1988, some 72% of the total land area of the enterprise zones (3,513 ha.) had been developed. Of the total area, 45% had been developed since designation. Of the available floorspace in the enterprise zones, 80% was located in the English enterprise zones and 70% in the first round designations. Furthermore, 42% of available floorspace was in industrial use, 42% in warehousing, including open land storage. Office activities were restricted to 6% and retailing to 5.9% of the total floorspace.

Table 3: Floorspace in the Enterprise Zones, October 1988
'000sq.m.

	Floorspace (Designation)	Floorspace (1988)	% Change
England:			
Round 1	1,840	3,105	69
Round 2	210	1,308	523
Wales:			
Round 1	165	262	59
Round 2	216	296	37
Scotland:			
Round 1	349	375	7
Round 2	53	153	189
Great Britain:			
Round 1	2,354	3,742	59
Round 2	479	1,757	267

Source: Department of the Environment, 1990.

In terms of the costs of the enterprise zone experiment, for the period 1981-1988, public sector expenditure was £472 million (at 1987-1988 prices). Of this estimate, capital allowances accounted for 65% and rates revenue foregone for 38%. In addition, estimated public sector land acquisition costs

Table 4: Developed Land in Enterprise Zone, October 1988

	Total Area (ha.)	Developed (Designation) (%)	(1988) (%)
England:			
Round 1	1,666 (100%)	30	34
Round 2	859 (100%)	18	56
Wales:			
Round 1	314 (100%)	24	36
Round 2	264 (100%)	34	43
Scotland:			
Round 1	230 (100%)	48	41
Round 2	180 (100%)	9	49
Great Britain:			
Round 1	2,210 (100%)	31	35
Round 2	1,303 (100%)	20	53
Total	3,513 (100%)	27	45

Source: Department of the Environment, 1990.

were £41 million and public sector infrastructure investment was £188 million. Although the earlier evaluation study was able to derive estimates of the public cost/job created in the enterprise zones the more up-to-date information does not enable us to hazard an estimate. It is worth reiterating the important qualification, however, that cost/job estimates are only a partial indicator as they exclude the non-job and more intangible benefits arising from, for example, an improved local property market.

We may briefly indicate the contribution of the Scottish enterprise zones, specifically Clydebank, Tayside and Invergordon. We have to exclude Inverclyde at this particular time as it remains at an early stage in its development and there is no statistical evidence available as to the changes in the enterprise zone. An indication of the part played by the Scottish enterprise zones may be gleaned from Tables 1 - 4. With respect to employment, for example, 8.5% of total employment is located in Scotland, with the greater bulk of those jobs in the Clydebank zone, the first round designation. This bias is also evident in the context of establishments, with 9% of the total in Scotland, with Clydebank the main location. It is important to recognise, however, that when viewed in percentage terms, the Tayside and Invergordon zones have demonstrated an increase in both jobs and firms. This is also the case with respect to the floorspace available and the developed land in the Scottish zones, as shown in Tables 3 and 4. A summary, again in percentage

terms, of these changes in the post-designation period is presented in Table 5. There is no formal evidence available for the Inverclyde enterprise zone, because primarily of its much later designation and the fact it is not yet covered by the monitoring exercise conducted by the Department of the Environment. Preliminary statements suggest, though, that the private sector is beginning to express some interest in some of the sites that comprise the Inverclyde enterprise zone.⁽²⁵⁾

**Table 5: Progress in Scottish Enterprise Zones since Designation
% Change since Designation**

	Clydebank	Tayside	Invergordon
Developed land	41	34	79
Establishments	31	359	400
Floorspace ('000 sq.m.)	7	151	483
Employment	105	266	483

Source: Department of the Environment, 1990.

From Enterprise Zones to Simplified planning Zones?

As noted above, the enterprise zone experiment has involved both benefits and costs, although it is generally considered by the Government to have been a success. Indeed, the relatively late designation of the Inverclyde zone suggests that the government was sufficiently convinced that this was the correct approach to securing an alternative way forward in a depressed local economy. The official evaluation of the enterprise zone experiment suggested that the principal measures contributing to the economic and physical improvement of the designated enterprise zones were the financial incentives. It is of interest, therefore, to note that the government has drawn heavily on its belief that the streamlined planning measures were an important element in this respect. Indeed, the Government has drawn approving attention to the perceived success of the streamlined planning agreements involved, stating that they "provide a real stimulus to the development or redevelopment of areas in need of regeneration, without leading to a decline in design standards or deterioration in the local environment".⁽²⁶⁾ As a consequence, an immediate spin-off of the enterprise zone experiment has been the introduction of simplified planning zones (SPZ's).

Subsequently, the Housing and Planning Act 1986 imposed upon local planning authorities a duty to consider, as soon as was practicable, whether it would be desirable to establish SPZ's and, where it was considered desirable, to draw up schemes establishing such zones. SPZ's are intended to act as an incentive to property developers by relieving the perceived burden of conventional land use planning regulations and procedures on land and property development. In Scotland, the Scottish Development Department issued practical advice to local planning authorities on the form and content of

SPZ's.⁽²⁷⁾ Critically, it was suggested that in defining an SPZ "there should be a demonstrable need to redress physical or economic problems through regeneration. SPZ designation should therefore be seen as part of a positive programme for the promotion of investment and improvement in targeted areas and not simply as the lifting of controls". In addition, it was suggested that "land in local authority ownership is not a pre-requisite: SPZ's can help clear a path for development without the need for site acquisition or assembly. There must, however, be an adequate supply of immediately available land capable of sustaining early development".

In Scotland there is one adopted SPZ, at Dingwall, and two in the 'pipeline', at Coatbridge and Grangemouth. In Highland Region, the Dingwall SPZ was formally adopted in October 1989. The SPZ forms part of a greenfield site development of 9 ha. on the periphery of Dingwall. This is designated as a Business Park, a high amenity estate intended for industrial and commercial activities. In Strathclyde Region, Monklands District Council is progressing its designation of a proposed SPZ to form part of a central area redevelopment scheme in Coatbridge. In Central Region, Falkirk District Council proposed an SPZ for part of the Grangemouth Docks in July 1990. It is intended to progress to formal adoption in mid 1991. The main aim of the SPZ will be to encourage the economic redevelopment of large areas of under-used land in the Docks. The three Scottish SPZ's vary in terms of their prevailing physical conditions and their development objectives. It is not the intention here to discuss the advantages and disadvantages of the SPZ initiative. It is important, however, to consider that SPZ's are effectively enterprise zones without the financial and fiscal incentives. The latter have been identified as the main stimulus to activity by the private sector in enterprise zones and it raises the question as to whether SPZ's are the correct extension of the enterprise zone experiment.⁽²⁸⁾

Issues and Conclusions

It is possible to assert on the basis of the available evidence that the individual Scottish enterprise zones have experienced a turning round of their respective local economies in terms of attracting firms, employment and physical regeneration. The key point, of course, is that the effects of the enterprise zone measures have been largely localised. There is, however, a number of problems associated with attempting to isolate the influence of enterprise zones in promoting real structural change in Scotland. In particular, without enterprise zone designation, would these areas have regenerated anyway and, as supplementary questions, would redevelopment have come as quickly or as strongly?

In many ways it is difficult to undertake this analysis, especially as each enterprise zone is unique and therefore, by definition, incomparable in regional, structural or historical terms. These, after all, are the reasons for the introduction of enterprise zones into the four diverse yet similarly destructured

areas. Nevertheless, although normal development programmes and schemes by themselves were considered inadequate to the task of reversing the localised devastation, some policy makers believe the lessons or perceived benefits of the enterprise zone experiment have been distinguishable and the evolution of physical and economic planning practice and legislation at the sub-regional level has reflected this. The relatively late designation of the Inverclyde enterprise zone and the extension of the enterprise zone idea into SPZ's is evidence of this line of argument.

We would argue, however, that the apparent success of the enterprise zone experiment is largely an illusion for a number of reasons. Firstly, whilst most of the enterprise zones have seen unemployment and physical dereliction falling and employment and floorspace available rising over the period since designation, these trends have been fairly universal outwith the major cities since the recession of the early 1980's.⁽²⁹⁾ By extension, these changes have been strongest where the local economy had collapsed after the closure of major, dominant employers. For example, despite their designation as enterprise zones, Inverclyde (11.2%) and Clydebank (10.6%) still had the third and fourth highest unemployment rates in Strathclyde in late 1990. Furthermore, over the period 1979-1988 six of the top ten districts in Britain with the largest increases in the number of businesses were in depressed sub-regions, while all of the bottom eight were in relatively prosperous locales.

Secondly, there are important distributional aspects to the localised effects of the enterprise zone experiment. A problem faced by previous researchers is that simple head counts of jobs created or new firms formed in the enterprise zones neglects the extent to which these represent a redistribution of activity usually in short distance or short term moves. Displacement of employment and companies in this fashion undoubtedly has been a major distraction in evaluating the true value of enterprise zones, with much of the research and monitoring effort being partial, by necessity. The relative paucity of data in the United Kingdom and the lack of information, especially on business organisation, economic development and movement, often hinders crucial comparative work. The poor supply of factory and office premises in the wider regions in which the enterprise zones are located, has tended to exaggerate the impact of the property developments and of the 'boundary-hopping' moves by firms, and thus the benefits of the provision of commercial and industrial space in the four designated areas.⁽³⁰⁾

Finally, in many of the regenerating areas the economic and physical turnaround has been achieved with the predominance of public sector intervention, especially in packaging land into developable sites. Overcoming the failure of the market rather than allowing its free expression lies at the heart of the enterprise zone experiment. To a large extent the formation of new companies and job creation has been through the concentrated and co-ordinated efforts of local and central government agencies: the HIDB, SDA, Training Agency, Regional and District Councils, working through Task

Forces, Initiatives and Agreements, with the private sector gaining the benefits of land, labour and capital assistance and subsidies.

In light of the argument that the success of the Scottish enterprise zone experiment is open to question, disentangling any remaining, additional benefits of the enterprise zone experiment is critical if the unique importance of this form of regeneration is to be established as the basis of future policy. In this context, much of the clamour for enterprise zone status elsewhere in Scotland is, we believe, because of the enhanced attention this gives to an area rather than any specific feature of the designation itself. Thus in the absence or erosion of other forms of policy assistance for local economic change, enterprise zones (and by extension SPZ's) become by default attractive means of support for localities experiencing industrial restructuring and collapse. Outwith the zones, the most important impact of the experiment has probably been in the acceptance of their value as a mechanism for redevelopment by local authorities, and other non-governmental bodies. This, of course, is in contrast to the initial scepticism and indeed hostility to enterprise zones by local authorities. The evolution of enterprise zones into SPZ's is a move to promote the trading off of local control and accountability against greater shares of limited government agency budgets. The policy agendas for local authorities in the four enterprise zones and in those now promoting SPZ's or new enterprise zone status are therefore being more freely surrendered to the needs of the market. Enterprise zones are a means of facilitating the crisis management of areas experiencing concentrated economic catastrophe and industrial collapse rather than the strategic regeneration of the Scottish economy. The further irony of this situation is that the enterprise zone experiment to date has only worked through the underpinning of local land, labour and capital markets by massive public sector interventions.

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