

Local economic forums

A follow-up report

Prepared for the Auditor General for Scotland and the Accounts Commission

June 2004

Key messages



Introduction

In May 2000, the Enterprise and Lifelong Learning Committee of the Scottish Parliament concluded its *Inquiry into the Delivery of Local Economic Development Services in Scotland*.

It recommended that *"An economic forum should be introduced for each Local Enterprise Company (LEC) area" and that each forum should "create an economic strategy for its area."*

A local economic forum (LEF) for each of the 22 LEC areas was subsequently established in April 2001 – 12 LEFs in the Scottish Enterprise (SEn) area and 10 LEFs in the Highlands & Islands Enterprise (HIE) area.

LEFs are voluntary partnerships comprising representatives drawn from the public sector agencies providing support to local businesses (LECs, local authorities, area tourist boards, further education colleges, etc); and from the business community. LEFs have no budgets or operational responsibilities in their own right.

LEFs operate under guidelines issued by the Scottish Executive Enterprise and Lifelong Learning Department (the Executive).

Guidelines issued in March 2001 defined the role of LEFs as to *"agree a shared vision and programme of*

action for the streamlining and improvement of service delivery", and set the LEFs an initial task of eliminating overlap and duplication in the support services public agencies delivered to local businesses.

The study

The Enterprise and Lifelong Learning Committee also recommended that: *"The progress of economic forums in achieving the measurable outcomes set for them by the Scottish Executive and in eliminating duplication in service provision should be assessed by a joint study by the Auditor General for Scotland and the Accounts Commission."*

We approached this remit in two stages. The first stage was a baseline study, published in October 2002, which established the position LEFs inherited against the Executive's performance assessment framework.

In the second stage, we tracked LEFs' progress against the baseline position.

Main findings

Impact on businesses

There is considerable evidence that LEFs have sought to eliminate overlap and duplication in supporting businesses, but an impact is not yet apparent across Scotland. LEFs have successfully delivered local improvement actions through their influence, though the impact of wider

initiatives such as the Business Gateway will take time to develop. Consequently, business views of the LEF partners' services remain unchanged overall.

Resources

LEFs have delivered most of the financial benefits expected of them, with their LEC and local authority partners redeploying £2.8 million annually against plans for up to £3.7 million, compared to their total 2001/02 budget of £125 million for business support services.

We estimate the cost to the public sector of administering the LEF process across Scotland at around £0.4 million a year, between April 2001 and March 2004.

Partnership working

LEF partnerships are generally working well and provide a solid basis for delivering the economic development component of Community Planning. Surveys of LEF members continue to show favourable results but the proportion of members expressing satisfaction with LEF structures has fallen.

Effective communication

LEFs have generally taken constructive steps in engaging the business sector and shaping public sector business support services. However, there is a mixed picture of effective communication among LEF partners across Scotland.

Recommendations

On the impact of forums

The Executive should:

1. Review the added value delivered by local economic forums and whether they still have a worthwhile role to play, against the backdrop of more comprehensive, statutory Community Planning arrangements.
2. Work with Scottish Enterprise and Highlands & Islands Enterprise to investigate wide regional variations in the business sector's views of public sector business support services.

On the way forward

In the event that LEFs continue in their current form the Executive should:

3. Continue to monitor the impact of LEFs on the business community.
4. Work with Scottish Enterprise and Highlands & Islands Enterprise:
 - to explore cost-effective approaches to conducting joint surveys to determine the views of the business sector
 - ensure that the progress of LEFs' partners in discharging their economic development strategies is monitored and evaluated.
5. Take steps to disseminate good practice related to addressing guidelines issued to LEFs.