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Press release

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Questions raised about future of local economic forums

A report published today says Local Economic Forums (LEFs) have streamlined business support services and made more effective use of public funding to support local economic development. However, it suggests the Scottish Executive reviews whether LEFs should continue in their current form, given that the statutory Community Planning arrangements being developed across Scotland may both duplicate and expand upon the role of LEFs and their activities.

When Local Economic Forums were set up in 2001, The Scottish Executive asked Audit Scotland to monitor their progress.

Auditor General, Robert Black, says:

“Our first report on LEFs, in 2002, set out the problems that existed and how LEFs proposed to tackle them.

“This latest report shows that, overall, LEFs have made good progress towards their goal of eliminating overlap and duplication in the support provided by the public sector to local businesses. However, times have moved on since LEFs were introduced. There may be a case for saying that the Forums have served their purpose in the light of the new arrangements for Community Planning.”

LEF achievements:

Reduced overlap and duplication – Examples include: duplication in the provision of financial assistance, business skills training, ICT advice, and property letting services by the local enterprise companies and councils; and multiple application forms and processes. LEFs have implemented 80% of the actions planned to eliminate such problems, and progress is being made with a further 13%. LEFs have made no significant impact in the eyes of the business community, but it will take time for changes brought about through LEFs and wider, national developments to be felt at local level.

Better use of public funding – LEFs have delivered most of the financial benefits expected of them, with their local enterprise company and local authority partners between them redeploying £2.8 million annually against plans for up to £3.7 million, compared to their 2001/02 budget of £125 million for business support services.

Better 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 generally continue to show favourable results, though the proportion of members expressing satisfaction with LEF structures has fallen.

Improved communications – LEFs have taken steps to improve the way public sector bodies communicate with the business community, for example through improved consultation and publicity material. However, the perception among LEF members themselves is that communication among partner organisations has deteriorated.

Local Economic Forums – a follow-up report, will be available on the Audit Scotland web site at: <http://www.audit-scotland.gov.uk> from the morning of 10 June.

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Notes to editors

1. In May 2000, the Enterprise and Lifelong Learning Committee of the Scottish Parliament published its Inquiry into the delivery of local economic development services in Scotland. The Committee found “*There is congestion within the field of local economic development in Scotland. There is confusion, overlap, duplication and even active competition between the many agencies involved.*” (Final Conclusion 1).

The Committee concluded that “*An economic forum should be introduced for each local enterprise company area (LEC), comprising the following minimum membership: the local authorities; the LEC; the chamber of commerce (if any); the area tourist board(s); and representatives of the local higher and further education institutions.*” (Final Conclusion 9)

Following a consultation exercise, local economic forums were established by the Scottish Executive in April 2001

2. Community Planning – The two main aims of Community Planning are (a) Making sure people and communities are genuinely engaged in the decisions made on public services which affect them; allied to (b) a commitment from organisations to work together, not apart, in providing better public services.

The Local Government in Scotland Act 2003 provides a statutory basis for Community Planning in Scotland. Section 15 of the Act requires local authorities to initiate, facilitate and maintain the Community Planning process. A local authority is expected to lead the Community Planning partnership for its area, comprising all relevant public, private, voluntary and community bodies. A local authority is also responsible for facilitating the process by which the Community Planning partnership streamlines the arrangements for the planning and delivery of services to ensure a connection between strategies and with other partnerships, the removal of any wasteful overlaps and the improvement of efficiency and effectiveness. A range of other public bodies, such as Scottish Enterprise (and its LECs), have a duty to participate in Community Planning partnerships.

3. The Auditor General for Scotland is responsible for securing the audit of the Scottish Executive and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament.

4. The Accounts Commission is responsible for securing the audit of 32 Scottish councils and 34 joint boards, including police and fire services. The Commission investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Accounts Commission is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament.

5. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Accounts Commission and the Auditor General for Scotland.