

# The role of community planning partnerships in economic development

## Impact report

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 Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

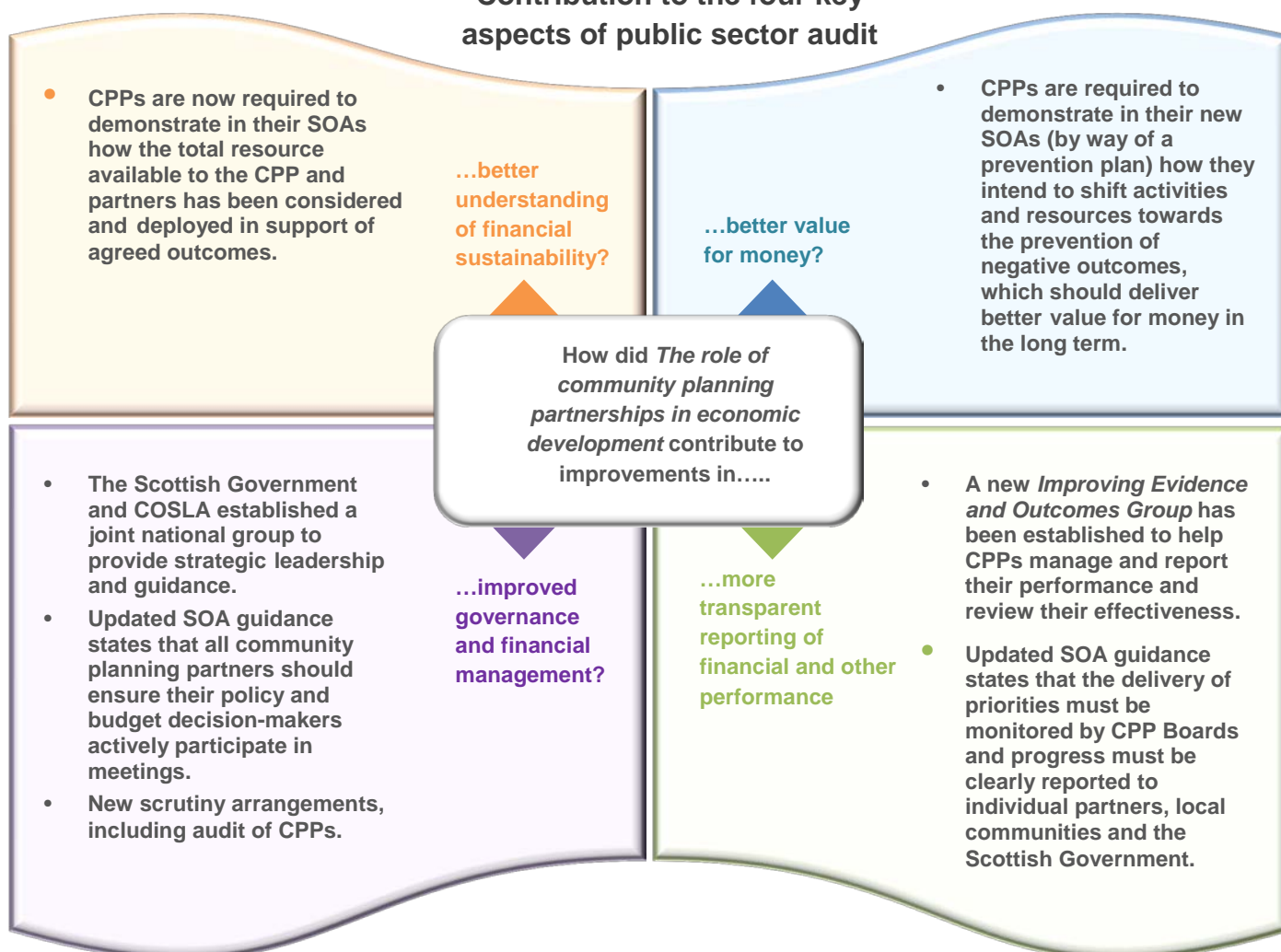
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## Summary of overall progress

### Contribution to the four key aspects of public sector audit



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## Introduction

1. This report summarises the impact made by the joint Accounts Commission and Auditor General for Scotland performance audit '*The role of community planning partnerships in economic development*', published on 3 November 2011. It also provides an update on progress against the recommendations in the report.
2. The audit looked at the contribution that community planning partnerships (CPPs) make to local economic development. It examined how CPPs identify economic priorities, coordinate economic development activity and how they monitor and report on performance. We also produced an online supplement containing an economic profile of each CPP area.
3. The key messages from the report were:
  - Economic development covers a wide range of activity from local training initiatives to major inward investment. CPPs have an important role in planning and coordinating improvements to local economies. Other aspects of economic development are better planned at a national or regional level. This means a more joined-up approach is needed to deliver the Scottish Government's overall purpose of achieving sustainable economic growth.
  - The economic development component of Single Outcome Agreements (SOAs) and local economic development strategies need to be better aligned and based on good information about local economies. They should include outcomes and indicators that enable progress to be assessed and managed. SOAs and economic development strategies should also be developed in close consultation with local businesses. While there are examples of CPPs performing well in these areas, this is not consistent across the country.
  - CPPs have supported successful local economic developments. However, the reduction in ring-fenced funding and the current economic climate increase the need for CPPs to improve their understanding of the costs of delivering agreed outcomes and what this means for individual partners' budgets. The introduction of SOAs led to improvements in how CPPs monitor and report performance. However, partners need to share responsibility for managing performance against the SOAs.
  - Existing accountability arrangements should be used to hold all statutory partners to account for their contribution to delivering SOAs. However, the tensions between national and local priorities mean this does not always happen in practice. These tensions, and the differences in accountability, mean there are limits to the extent to which CPPs can hold partners to account for their contribution to agreed outcomes or be held to account themselves for delivery of their SOA.
4. The report included a number of recommendations for the Scottish Government, CPPs and CPP partners. These related both to how CPPs operate more generally and their role in economic development specifically. The key recommendations were that:

The Scottish Government should:

- ensure that central government and NHS bodies that are involved in CPPs are held to account for their performance in community planning and contribution to SOAs

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- further clarify its expectations on the alignment of local and national priorities, and the contribution of CPPs to achieving national outcomes
  - work with CPP partners and other relevant bodies to improve the coordination of economic development at national, regional and local levels. This should support the national priority of increasing sustainable economic growth.

CPPs should:

- challenge lack of progress in meeting agreed local outcomes identified in the SOA
- develop a better understanding of the costs of delivering agreed outcomes and what this means for individual partners' budgets
- ensure they are working effectively both within and across CPP boundaries, where appropriate, to help improve local economies
- take a more systematic approach to understanding their local economies and use this as a basis for developing evidence-based local economic development outcomes
- improve the quality and consistency of economic indicators used in SOAs and economic development strategies, for example by using the indicators developed and agreed by the Scottish Local Authorities Economic Development Group (SLAED)
- align local economic development strategies with outcomes in the SOA
- ensure that they engage effectively with businesses to improve local economic development.

All CPP partners should:

- ensure that SOA commitments are reflected in their own plans.

5. Detailed progress against these recommendations is included in Appendix 1.

## Raising awareness and communication of key messages

### Media coverage

6. We did not anticipate significant media coverage of the report due to the nature and complexity of the topic. However, there was some press interest on the day of publication, with coverage in a number of local and national media websites. Reference was also made to the report in *Public Finance* and on two local radio stations. COSLA, the Federation of Small Businesses in Scotland and the Scottish Chambers of Commerce all issued statements welcoming the recommendations contained in the report.

7. Media coverage and report downloads from Audit Scotland's website 12 months after publication are summarised below. The total number of media items is very close to the average for Audit Scotland reports (46.5); the number of report downloads is significantly higher than the average (1903).

Media items	Number of items
National press	1
Local press	0
Television	0
Radio	3
Specialist press	1
Web	42
<b>Total media items</b>	<b>47</b>
Report downloads	3,338
Key messages downloads	841
Podcast downloads	344
<b>Total downloads</b>	<b>4,523</b>

8. Media coverage of this report almost exclusively focussed on the need for CPPs to improve local economic development strategies. This was a subtle variation on the key messages we promoted most prominently; that CPPs needed to build on their existing work to meet local needs and make better use of available information and improve their understanding of the costs involved in delivering local economic priorities. This angle led 43 out of the 47 items. There was little explicit mention of our other key messages, as they were generally wrapped up in the one story about the need to improve. The exceptions were the broadcast items. Kingdom FM led with the message that CPPs were key to improving local economies. BBC Dumfries and Galloway focussed on a local project that was highlighted as a success story in our report.
9. Accounts Commission chair John Baillie was quoted in 43 items, then Cosla president Pat Watters 42 times and the project manager of the Dumfries and Galloway project twice.

### Presentations by the audit team

10. The audit team gave presentations on the report to the community planning network, and the economic development theme groups from the Midlothian and Eilean Siar CPPs.

## Parliamentary consideration

11. The Scottish Parliament Public Audit Committee considered the report on 9 November 2011. The Committee agreed to invite oral evidence from the Scottish Government and the Scottish Local Authorities Economic Development Group (SLAED) on 18th January 2012. The

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Committee's interest included: accountability arrangements for individual partners; measuring the performance and impact of CPPs; and the impact of the 2011 enterprise reforms on CPPs.

12. Following the evidence session, the Committee agreed to submit written evidence to the Local Government and Regeneration Committee on its inquiry into *Public sector reform and local government*, based on the matters arising from our report. The issues highlighted by the Committee in its evidence include:
  - It is difficult for partners to be held to account through existing accountability arrangements.
  - There is tension between local and national priorities and CPPs cannot easily demonstrate how they contribute to national outcomes.
  - There is a need to consider how CPPs can be supported by Scottish Enterprise and Highlands and Islands Enterprise when their local priorities are not closely aligned with the Scottish Government's six priorities for national growth.
13. The Local Government and Regeneration Committee produced its first report on public sector reform in June 2012.<sup>1</sup> The report reiterates a number of points that were set out in our report, although these are not referenced.

## Local consideration of the report

14. The introduction of a new approach to auditing individual CPPs during 2012 meant we did not do any detailed follow up work on the extent to which the report was considered by councils or CPPs. We felt it was more proportionate and appropriate for the issues we identified to be reflected in the audit questions developed for the CPP audits.
15. However, we reviewed a sample of CPP Board meeting notes to get an overview of whether CPPs were considering our recommendations. We found the report was discussed by either the CPP board or a council committee in five CPPs, and four CPPs developed an action plan or working group to address our recommendations.

## Contribution to national policy developments

16. In 2012 the Scottish Government and COSLA carried out a review of Community Planning. The review resulted in a *Statement of Ambition* which sets out the requirements for successful Community Planning that will make a difference to local communities.
17. To implement the *Statement of Ambition*, the Scottish Government and COSLA agreed a package of measures designed to deliver a stronger, more joined up, and more extensive approach to Community Planning. These measures reflect many of the issues we identified in the report as needing to be addressed in order to improve the effectiveness of community planning, for example:

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<sup>1</sup> *8th Report, 2012 (Session 4): Public Services Reform and Local Government - Strand 1: Partnerships and Outcomes*, Local Government and Regeneration Committee, June 2012



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- introducing a new statutory duty on partners to work together to improve outcomes for local communities through participation in CPPs
  - placing formal requirements on CPPs to ensure they operate as genuine boards
  - establishing a joint national group to provide political and strategic leadership to CPPs and guidance to support effective delivery of outcomes
  - refreshing SOA guidance to provide a sharper focus on understanding local needs and how these contribute to national priorities
  - supporting CPPs meet these new requirements through the CPP capacity building programme.
18. The Scottish Government asked the Accounts Commission to consider how external audit might hold CPPs to account and help them to deliver improved outcomes. Our report and methodology helped inform the development of the CPP audits of Aberdeen City, North Ayrshire and Scottish Borders undertaken in 2012 and was referred to in the national report summarising the findings from these audits.<sup>2</sup>

## Economic development

19. The online supplement containing economic profiles of each CPP area demonstrated the analysis that CPPs should consider when developing their SOAs and economic strategies, and illustrated the different opportunities and challenges faced by CPPs across the country.
20. During 2012, the Improvement Service, Scottish Government and SLAED launched the *Economic Outcomes Programme* (EOP). The Programme will work with economic development teams, elected members and community planning partners to strengthen the impact of economic development activity on the local and national economy. Support offered by the EOP addresses a number of the recommendations in our report, for example, helping partnerships to understand their local economies and aligning economic strategies and SOA outcomes.
21. At the end of 2012 all councils submitted data to the SLAED indicators project for the first time. Our report was used to encourage local economic development teams to do this. This is a positive step towards greater consistency in the use of economic indicators in SOAs.

## Progress on implementing recommendations

22. It is encouraging that progress is being made against all of our recommendations, mainly due to actions put in place by the Scottish Government and COSLA following their 2012 review of community planning (Appendix 1). The issues raised in our report will continue to be monitored through the new scrutiny arrangements for CPPs.
23. The report linked closely with a number of the Accounts Commission's strategic objectives, in particular highlighting where improvements are required to ensure there is effective

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<sup>2</sup> *Improving community planning in Scotland*, Audit Scotland, March 2013.

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partnership working by CPPs. The economic development supplement illustrated how performance information could be used to develop economic profiles of council areas and used.

## **Contribution the report made to achieving Audit Scotland's corporate objectives**

24. The report has contributed to Audit Scotland's corporate priorities of building one organisation and sharing knowledge more effectively. The report's findings and methodology were used when developing the methodology for the three CPP audits. In addition, this was the first time we had used the Scottish Government's online portal for procuring consultants. Using this experience, we developed a user manual and good practice examples to support other audit teams.
25. We also organised economic development training to develop the CPP audit team's knowledge of important economic issues. The training course was offered to colleagues in both the Performance Audit and Best Value and Scrutiny Improvement Groups to extend the learning beyond the immediate team.
26. Our report findings and methodology were used by the Best Value and Scrutiny Improvement Group when planning the *Best Value Targeted Work on Dundee City Council's economic development activity*.

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## Appendix 1

### Progress on implementing the recommendations in *The role of community planning partnerships in economic development*

Recommendation	Progress
<p>The Scottish Government should:</p> <ul style="list-style-type: none"><li>ensure that central government and NHS bodies involved in CPPs are held to account for their performance in community planning and contribution to SOAs</li></ul>	<p>In March 2012, the Scottish Government and COSLA published its <i>Statement of Ambition</i> which sets out their shared aims for Community Planning. To implement the <i>Statement of Ambition</i> and strengthen the governance, accountability and operating arrangements of CPPs, the Scottish Government and COSLA have agreed to:</p> <ul style="list-style-type: none"><li>strengthen duties on individual partners through a new statutory duty to work together to improve outcomes for communities</li><li>place formal requirements on CPPs to ensure they operate as genuine boards</li><li>establish a joint group at national level (The National Group) to provide strategic leadership and guidance to CPPs.</li></ul> <p>In addition, Ministers are expected to promote and encourage Community Planning through, for example, reviewing and changing central government bodies' guidance and performance frameworks to help drive a whole systems approach to outcomes.</p> <p>At the request of the Scottish Government, the Accounts Commission</p>

Recommendation	Progress
	<p>has developed an audit framework to improve the accountability of CPPs and help them deliver better outcomes. The results of the first three pilot audits show that CPPs need to better demonstrate how they have contributed to their SOA priorities and not all partners are equally committed to community planning.</p>
<ul style="list-style-type: none"> <li>• further clarify its expectations on the alignment of local and national priorities, and the contribution of CPPs to achieving national outcomes</li> </ul>	<p>In December 2012, the newly formed National Group published refreshed SOA guidance. Although local priorities remain central to SOAs, the new guidance directs CPPs to focus on six national priorities when developing their local outcomes (economic recovery and growth; employment; early years; safer and stronger communities and reducing reoffending; health inequalities; and outcomes for older people).</p> <p>Information on the six national priorities has been provided to help CPPs align their local priorities and to ensure that CPPs can make a major contribution to the achievement of national outcomes.</p> <p>The remit of the National Group also includes helping CPPs resolve any tensions between national and local priorities when developing SOAs.</p>
<ul style="list-style-type: none"> <li>• work with CPP partners and other relevant bodies to improve the coordination of economic development at national, regional and local levels. This should support the national priority of increasing sustainable economic growth.</li> </ul>	<p>Economic recovery and growth is one of the six key priorities that CPPs are expected to focus on when developing their SOAs. The Improvement Service, along with the Scottish Government and SLAED, launched the Economic Outcomes Programme (EOP) in August 2012 to support councils and other economic development partners strengthen their impact on the local and national economy.</p>

Recommendation	Progress
	<p>Support provided by the EOP includes reviewing partnership arrangements and encouraging a joined-up approach to economic development activity.</p> <p>In addition, in December 2012, the National Group agreed that its overarching responsibility was to help CPPs contribute effectively to the delivery of economic growth. It agreed to progress work on an engagement framework to promote cooperation between Scottish Enterprise and other community planning partners.</p>
<p>CPPs should:</p> <ul style="list-style-type: none"> <li>challenge lack of progress in meeting agreed local outcomes identified in the SOA</li> </ul>	<p>The Scottish Government and COSLA have agreed three actions (outlined above) which will strengthen accountability arrangements and should enable CPPs to challenge lack of progress against their SOAs.</p> <p>A new statutory duty will be placed on individual partners to work together to improve outcomes for local communities through participation in CPPs. The Scottish Government and COSLA have stated that collaboration in the delivery of outcomes in the SOA is not optional.</p> <p>In addition, formal requirements are to be placed on CPPs which are intended to clarify the role and function of CPP boards. Boards will be expected to exercise oversight of the delivery of agreed outcomes.</p>
<ul style="list-style-type: none"> <li>develop a better understanding of the costs of delivering agreed outcomes and what this means for individual partners' budgets</li> </ul>	<p>CPPs are expected to have a clear understanding of partner contributions and how local resources will be targeted to deliver priorities. A new statutory requirement is to be placed on individual partners to provide resources to help deliver the SOA and the new SOA</p>

Recommendation	Progress
	<p>must show how the total resources available to the CPP have been considered and deployed in support of agreed outcomes. These requirements should help CPPs develop a better understanding of their costs.</p> <p>The results of the three CPP pilot audits found that CPPs had not clearly identified the resources that are available or required to deliver their priorities.</p>
<ul style="list-style-type: none"> <li>ensure they are working effectively both within and across CPP boundaries, where appropriate, to help improve local economies</li> </ul>	<p>There is little evidence of CPPs working more collaboratively on economic development activity.</p> <p>However the EOP team is trying to encourage a more joined-up approach to achieving economic outcomes through, for example, highlighting opportunities for cross-boundary working.</p>
<ul style="list-style-type: none"> <li>take a more systematic approach to understanding their local economies and use this as a basis for developing evidence-based local economic development outcomes</li> </ul>	<p>The <i>Statement of Ambition</i> expects CPPs to 'develop a clear and evidence-based understanding of local needs, underpinned by robust data, and be capable of monitoring this over time'. This is reiterated in the SOA guidance which states that SOAs must demonstrate a clear and robust link between evidence and outcomes. An <i>Improving Evidence and Data Group</i> has been established to support CPPs make better use of data and evidence. The remit of this group includes improving the availability and use of evidence and performance data, and improving the use of evaluation methodologies.</p> <p>In addition, the EOP team offers advice to CPPs on the economic aspects of their SOAs and on developing corresponding economic</p>

Recommendation	Progress
	strategies.
<ul style="list-style-type: none"> <li>improve the quality and consistency of economic indicators used in SOAs and economic development strategies, for example by using the indicators developed and agreed by the Scottish Local Authorities Economic Development Group (SLAED)</li> </ul>	<p>The new SOA guidance may help to improve the consistency of economic indicators used in SOAs. It encourages CPPs to use indicators that are included in the <i>Menu of local indicators</i> and states that indicators from other sources should only be used when an indicator is not available on the menu.</p> <p>In addition, the EOP includes a number of work streams which may support improvement, including:</p> <ul style="list-style-type: none"> <li>Developing economic baselines, indicators and targets</li> <li>Reviewing economic profiles and strategies to improve quality and consistency</li> <li>Strengthening the SLAED indicators work, including streamlining the indicators, clarifying definitions, producing guidance on how to complete the dataset and carrying out the data analysis on behalf of economic development teams.</li> </ul>
<ul style="list-style-type: none"> <li>align local economic development strategies with outcomes in the SOA</li> </ul>	<p>The EOP aims to strengthen linkages between economic strategies and SOAs. Support to achieve this includes helping CPPs to understand the strengths and opportunities of their local economies and offering feedback to CPPs on the economic aspects of their SOAs.</p>

Recommendation	Progress
<ul style="list-style-type: none"> <li>ensure that they engage effectively with businesses to improve local economic development</li> </ul>	<p>The new SOA guidance instructs CPPs to outline how local communities and businesses have been involved in developing and influencing the CPP's priorities.</p> <p>The EOP offers to support councils and other partners on how best to engage with the business sector, however there is little evidence that this service has been used.</p>
<p>All CPP partners should:</p> <ul style="list-style-type: none"> <li>ensure that SOA commitments are reflected in their own plans.</li> </ul>	<p>The new SOA guidance states that CPPs are expected to draw on partners' plans and strategies when developing their SOAs and in turn, these plans and strategies should take account of the strategic direction of SOAs.</p>