

PERFORMANCE AUDIT

# Local economic forums

A baseline performance statement

## Local economic forums – a baseline performance statement

A joint report by the Auditor General for Scotland, to the Scottish Parliament, and by the Accounts Commission.

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- water authorities
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- reviewing the management arrangements which audited bodies have in place to achieve value for money
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### Acknowledgements

Douglas Black and Bob Leishman managed the review, under the general direction of Lesley Bloomer, Director of Performance Audit. Audit Scotland is grateful to the Scottish Executive, Highlands & Islands Enterprise, Scottish Enterprise and to all 22 Local Economic Forums for the provision of information.

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# Executive summary

## Introduction

1. There are 22 forums in Scotland, one for each of the Local Enterprise Company (LEC) areas. They comprise the providers of business services – LECs, councils, colleges, area tourist boards, as well as representatives of the users – local businesses. Their task is to ‘agree a shared vision and programme of action for the streamlining and improvement of service delivery’<sup>1</sup>. They have no budgets or operational responsibilities in their own right.
2. Forums’ performance is assessed using a performance measurement framework. The framework follows balanced scorecard principles, in which a series of performance indicators are used to monitor performance from four perspectives<sup>2</sup>: impact; resources; partnership working; external processes (Exhibit 1).

### Exhibit 1: Performance indicator framework

Eleven indicators within four ‘balanced scorecard’ perspectives collectively address the overall question of how well forums are progressing.

Scorecard aspect	Performance indicator
Impact	1. Changes in perception among businesses about overlap and duplication.
Resources	2. Level of resources which forums’ decisions can influence.
	3. Money saved and/or transferred to other uses.
Partnership management	4. Clear statements of roles and responsibilities among forum members.
	5. Forums have mapped service provision and assessed ‘what works’.
	6. Forums have addressed overlap and duplication at the local level, on both partnership and service delivery.
	7. Forums have addressed gaps in the design and delivery of services.
	8. Forums have agreed action plans.
How effective are forums in engaging businesses and communities in their activities?	9. Forums have assessed their alignment with the community planning process.
	10. Forums have mechanisms for consultation and review.
	11. Forums’ communication strategies provide an opportunity for the wider community who have an interest in their work to become informed and comment on their work.

Source: Performance Assessment Framework, Scottish Executive Enterprise and Lifelong Learning Department, July 2001

## Overlap and duplication: impact measures and forum analyses

3. The initial task set for forums is to eliminate overlap and duplication in the delivery of local business support services. This follows directly from the conclusions reached by the Enterprise and Lifelong Learning Committee on the basis of evidence provided by the business community and others. Progress in eliminating overlap and duplication can be assessed using indicators relating to:
  - business perceptions
  - forum analyses of the provision of services and actions planned for improvement.
4. A survey commissioned by the Scottish Executive found that a substantial minority, 40%, of businesses felt that there was too much overlap between public sector providers of business services, and that providers seemed to be in competition with each other. However, more businesses, nearly half in total, did not express a view one way or the other. The survey also found that over half of businesses felt they did not have a clear idea about which organisation provided which service (54%), and that they did not know enough about services provided by public sector agencies (61%).
5. Each of the forums has undertaken mapping and ‘what works’ exercises, and assessed overlap and duplication and gaps in the design and delivery of services in their area. Forums identified a range of examples of overlap and opportunities for more effective delivery of services, including:
  - duplication in the provision of financial assistance, business skills training, information and communications technology (ICT) advice, and property letting services by the LEC and the local authority
  - duplication in the provision of assistance for young people by the local authority and the Prince’s Scottish Youth Business Trust
  - bureaucratic and multiple application forms and processes.

The main reasons identified for overlap, duplication and less effective service delivery were: lack of clarity in terms of the roles and responsibilities of service providers; limited information-sharing between agencies; and divergent marketing strategies and approaches to consultation.

6. Each of the forums has produced an agreed action plan which identifies proposals for more effective delivery of, and initiatives to address gaps in, business support services in their area. Forums in the Scottish Enterprise area have also identified proposals for rationalising partnerships and initiatives to improve the standard of services in their areas. Forums in the Highlands & Islands (HIE) area have identified some specific proposals and initiatives covering these factors. However, Highlands & Islands Enterprise is coordinating an area-wide central review of products and processes that will have a particular impact on the delivery of services.

## Resources

7. Twelve forums have quantified resources which can be released for other uses. Eleven of these are in the Scottish Enterprise area. Savings of 1.2% of total expenditure are expected to be available in the HIE area following an area-wide review of business service products and processes.
8. Forums report that between zero and, in Dunbartonshire, 12%, of their members' combined business services budgets could be released for other uses as a result of implementing their action plans. The amounts identified as potentially available for release vary up to a maximum, in Glasgow, of £0.8 million. Across Scotland the identified potential is for between 2.2% and 2.4% of the total business services 2001/02 spend of £154 million.

## Partnership management

9. Each forum's action plan included statements of the roles and responsibilities of agencies delivering business support services in its local area. The survey of forum members found that forums generally shared a common sense of purpose (73% agreed); that their forum structures were fit for purpose (66%); that forum objectives, targets and milestones were owned by those responsible (60%); and that forum partners used appropriate methods and committed resources to meet forum tasks (57%).
10. The Executive's analysis of forums' action plans found that the 22 forums had reflected community planning issues in their action plans.

## Effectiveness in communication

11. The Executive's survey of forum members found that 60% of those who responded agreed that their forum periodically reviews its vision and achievements. Over three-quarters (77%) agreed that forum partners are receptive to improvements in activities and ways of working, and over three-quarters (76%) agreed that forum partners are open to learning from each other and elsewhere. Forum members

in the Highlands & Islands and Scottish Enterprise (SEn) areas held similar views on these issues.

12. Twenty-one of the forum action plans initially contained evidence of a robust communication strategy to ensure linkage with all sections of the local community. The Executive subsequently asked the remaining forum to produce a clearer strategy. Over three-quarters (77%) of forum members considered forum communication to be effective and comprehensive.

### Next steps

13. The implementation programme set dates for the completion of each of these stages and provided for: the Executive to monitor progress through Ministerial Taskforces; continued assessment of forums by the Enterprise and Lifelong Learning Committee; a review of progress by Audit Scotland on behalf of the Auditor General and the Accounts Commission. Audit Scotland is monitoring forums' progress in two stages:
  - **stage one:** using information from the Executive's performance measurement framework and forum action plans to set the baseline position each forum inherited, and their plans for improvements to service delivery and better use of resources
  - **stage two:** to assess progress recorded by forums by reviewing their performance against the stage one position.
14. This report records the results of stage one of Audit Scotland's work. It is a report on the position that forums have inherited and their intended actions, and therefore does not draw any conclusions on how well forums are working or their success in addressing overlap and duplication.

# Part 1: Background

- 1.1 In May 2000, the Enterprise and Lifelong Learning Committee of the Scottish Parliament published the report of its *'Inquiry into the Delivery of Local Economic Development Services in Scotland'*<sup>3</sup>. The Committee proposed that “An economic forum should be introduced for each Local Enterprise Company (LEC) area,”<sup>4</sup> and that “each economic forum should create an economic strategy for its area”<sup>5</sup>. The Committee also recommended that forums’ progress “in achieving 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”.
- 1.2 The Scottish Executive Enterprise and Lifelong Learning Department (the Executive) accepted the Committee’s recommendation and, following consultation, established 22 local economic forums, as listed in Appendix 1. The Executive’s guidelines for forums, published in March 2001, defined their role as “to agree a shared vision and programme of action for the streamlining and improvement of service delivery”<sup>6</sup>. The guidelines also presented a set of key messages for the focus of forum operations and working arrangements (Exhibit 2).
- 1.3 The 22 forums each cover the same geographical area as a LEC, which generally provides the corresponding forum with administrative support. The resident population of forum areas varies markedly – from around 8,000 in Skye & Lochalsh, to over 525,000 in the Edinburgh & Lothian Forum area. Forums serve around 158,000 enterprises in total: 22,000 across the Highlands & Islands and 136,000 in the Scottish Enterprise area, where the number of enterprises by forum area ranges between approximately 5,000 (Dunbartonshire) and 23,000 (Edinburgh & Lothian)<sup>7</sup>.



## Exhibit 2: National Guidelines – key messages for forums

The Scottish Executive guidelines present a set of key messages for the focus of forum operations and working arrangements.

- Forums should agree a **local vision and action plan** to achieve greater value for the considerable sums of public money spent on economic development.
- The focus of activity should be to achieve genuine **rationalisation of provision** at the local level. They should tackle duplication as a means of releasing resources to fill gaps and create new opportunities.
- Businesses are the key drivers of wealth creation. Forums should therefore look at the most effective way of **engaging businesses**, including those in the social economy, in service design and delivery.
- Forums should be **small and focused** with a core of business, local authorities, the local learning sector, tourism agencies and the LECs. We envisage a tight core membership of around ten with wider consultative mechanisms.
- Forums working effectively have the opportunity to be the major contributor to the economic dimension of the **community planning** process.
- Forums will lead a process of evaluating ‘what works’ for **streamlining** existing delivery processes and partnership structures.
- Key tasks will be set at least on an annual basis. The initial priority for forums will be to focus on business services, including **eradicating wasteful duplication and improving standards**.
- The use of information and communications technology should be at the heart of this service redesign process. The forum process will be **web-enabled**.
- If forums are to achieve sustained superior growth, they must be outcome-based with jointly approved targets that deliver **greater efficiency and effectiveness in delivery**. The Scottish Executive and Audit Scotland will assist in this process.

Source: Local Economic Forums – National Guidelines, Scottish Executive Enterprise and Lifelong Learning Department, March 2001

### 1.4 The 256 individual forum members are drawn from:

- the main public sector agencies involved in delivering local economic development services – LECs; local authorities; area tourist boards; universities; colleges of further education; and the Employment Service (166 members/65% of all members)
- individual businesses and business sector representative bodies, such as Chambers of Commerce and the Federation of Small Businesses (79 members/31%)
- in a few forums – trades unions and the voluntary sector (11 members/4%).

- 1.5 Forums are not themselves responsible for any specific expenditure programmes or budgets. They act by influencing the spend patterns of their members.
- 1.6 Forums were tasked with improving co-ordination to deliver greater clarity for the consumer on the one hand, and better value for money on the other. They were initially expected to address overlap and duplication in their first year of operation but, following a general recognition of a need to develop initiatives which covered all forums (such as a Single Business Gateway for all forums in the Scottish Enterprise area) the Executive later extended the priority into the forums' second year of operation.
- 1.7 The Executive's guidelines set the forums a work programme and an implementation timetable. Forums were expected to address overlap and duplication by:
- undertaking a review of existing arrangements
  - drawing up an action plan, for review by the Executive, and
  - implementing the action plan to make improvements.
- 1.8 The implementation programme set dates for the completion of each of these stages and provided for: the Executive to monitor progress through Ministerial Taskforces; continued assessment of forums by the Enterprise and Lifelong Learning Committee; a review of progress by Audit Scotland on behalf of the Auditor General and the Accounts Commission. Audit Scotland is monitoring forums' progress in two stages:
- **stage one:** using information from the Executive's performance measurement framework and forum action plans to set the baseline position each forum inherited, and their plans for improvements to service delivery and better use of resources
  - **stage two:** to assess progress recorded by forums by reviewing their performance against the stage one position.
- 1.9 This report records the results of stage one of Audit Scotland's work. It is a report on the position that forums have inherited and their intended actions, and therefore does not draw any conclusions on how well forums are working or their success in addressing overlap and duplication.
- 1.10 Audit Scotland will publish a follow-up report, covering stage two, in autumn/winter 2003. The follow-up report will look in detail at progress made by each forum.

## Part 2: Performance measurement framework

- 2.1 Forums' performance is assessed through a performance measurement framework. The Executive developed the framework in consultation with representatives from Scottish Enterprise, Highlands & Islands Enterprise, local authorities and local enterprise companies and with advice from Audit Scotland. The framework has been approved by the Ministerial Taskforces. This part of our report describes the framework and notes the information sources developed to support it.
- 2.2 The framework follows balanced scorecard principles, in which a series of performance indicators are used to monitor performance from four perspectives<sup>8</sup>: impact; resources; partnership working; and external processes. Exhibit 3 sets out the performance indicators, which focus on the implementation of the initial priority work for forums – to address overlap and duplication in business support services.

### Exhibit 3: Performance indicator framework

Eleven indicators within four 'balanced scorecard' perspectives collectively address the overall question of how well forums are progressing.

Scorecard aspect	Performance indicator
Impact	1. Changes in perception among businesses about overlap and duplication.
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How effective are forums in engaging businesses and communities in their activities?	9. Forums have assessed their alignment with the community planning process.
	10. Forums have mechanisms for consultation and review.
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Source: Performance Assessment Framework, Scottish Executive Enterprise and Lifelong Learning Department, July 2001

2.3 The information sources for the baseline data for these performance indicators are:

- surveys by the Scottish Executive of:
  - businesses' perceptions of business support services. This was stratified to cover different sizes of businesses and different industry groupings
  - public sector expenditure on business support services in each forum area
  - forum members' views
- a review by the Scottish Executive of action plans produced by forums, outlining plans for the first year of their activity.

Details of each source of information are set out in Appendix 2.

2.4 The Executive monitors forum progress against each indicator through: meetings with forum members; reviewing progress against action plans produced by the forums; and at meetings of Ministerial Taskforces.

## Part 3: Baseline statement

- 3.1 This part of the report uses information gathered by the Executive for the performance measurement framework to record forums' baseline positions in relation to the 11 performance indicators.

### Overlap and duplication – impact measures and forum analyses

- 3.2 The initial task set for forums is to eliminate overlap and duplication in the delivery of local business support services. This follows directly from the conclusions reached by the Enterprise and Lifelong Learning Committee on the basis of evidence provided by the business community and others. Progress in eliminating overlap and duplication can be assessed using indicators relating to:

- business perceptions
- forum analyses of the provision of services and actions planned for improvement.

### *Business perceptions*

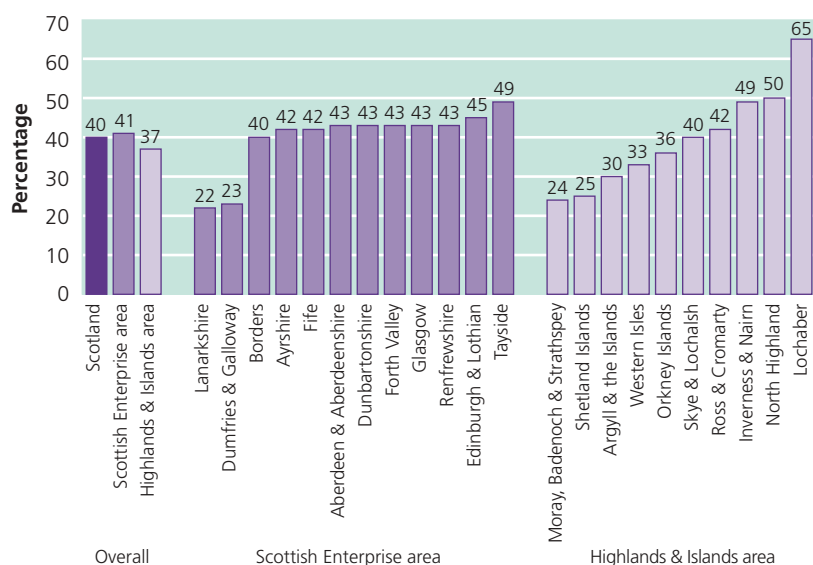
- 3.3 The Enterprise and Lifelong Learning Committee heard views from business sector representatives regarding overlap and duplication in the provision of business support services<sup>9</sup>. However, there was no quantified national assessment of how the views of the business community varied across different parts of Scotland. The impact measures developed for forums therefore set out to quantify perceptions as to whether overlap and duplication existed and, more generally, on whether the business community was clear about the way business support services are provided.
- 3.4 Exhibit 4 sets out the responses to the Executive's survey of businesses on questions relating to overlap, competition and duplication. For each of these questions, nearly half of all businesses surveyed felt that they did not know, or that they neither agreed nor disagreed. However, a substantial minority of interviewees felt that there was too much overlap in the services provided by the different public sector agencies (40%), and that public sector organisations appeared to be in competition with each other (41%). A smaller proportion, 27% across Scotland, felt that there were too many public sector business service providers in their area.

3.5 There were no overall differences in perceptions of overlap, duplication and competition between interviewees from the Scottish Enterprise and Highlands & Islands regions. There was, however, substantial variation among forums within each of these areas. Two extremes stand out. First, businesses in the Lanarkshire area were consistently more positive than those elsewhere. Second, businesses in the Lochaber area were generally less positive than those elsewhere.

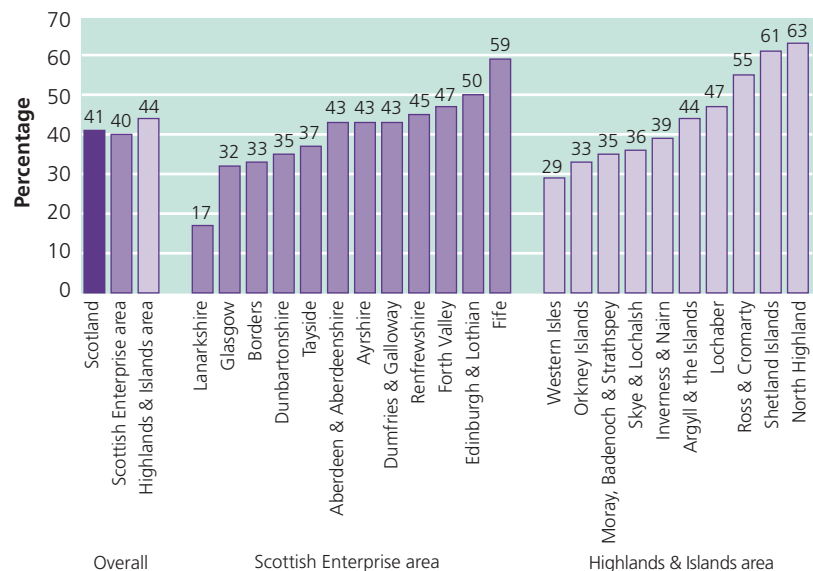
**Exhibit 4: Business sector perceptions – overlap, competition and duplication**

There is wide variation in business perceptions across forum areas.

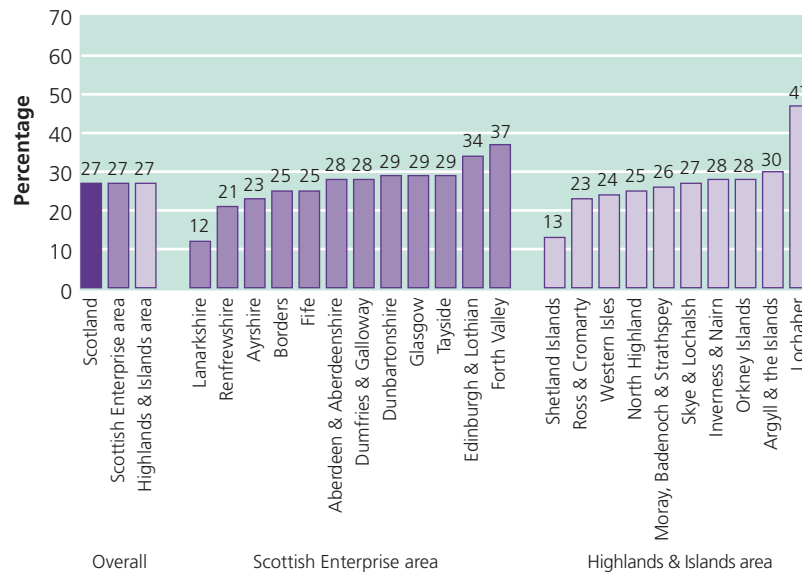
*"There is too much overlap in the services provided by the different public sector agencies."*



*"The different public sector providers seem to be in competition with each other."*



"There are too many providers of public sector business services in the local area."



Note: Each chart's vertical axis shows the percentage of respondents who agreed or strongly agreed with the statement. Mean values are given. Medians reflect the same picture and are in endnote<sup>10</sup>.

Source: Scottish Executive Enterprise and Lifelong Learning Department, survey of businesses, 2002

- 3.6 Interviewees were asked about clarity of provision and whether they knew enough about what was available locally. A majority of interviewees responded that they did not have a clear idea about which organisation provided which service (54%), and that they did not know enough about services provided by public sector agencies (61%).
- 3.7 Exhibit 5 sets out data on those agreeing with these statements. Around a quarter of interviewees felt they had a clear idea of which public sector organisations provided which business support services, with the proportion varying between 13% (Lanarkshire) to 65% (Shetland Islands) in different forum areas. Interviewees from HIE Forum areas were generally clearer (35%) than those from the SEN (24%) areas. Interviewees from the hotels and restaurant sectors had a somewhat clearer idea (32% agreed), while those in the 'other services category' were less clear (14% agreed)<sup>11</sup>.
- 3.8 On average, a fifth of businesses (20%) felt they knew enough about the services provided by local agencies, with the proportion varying from 9% (Fife) to 53% (Lochaber) (Exhibit 5). More respondents from HIE Forum areas felt they knew enough about services than did those from SEN areas, 31% compared to 17%. A higher than average proportion (30%) of interviewees from larger businesses (50-249 employees) felt that they knew enough about the services provided, but there were no substantial differences among industrial sectors.

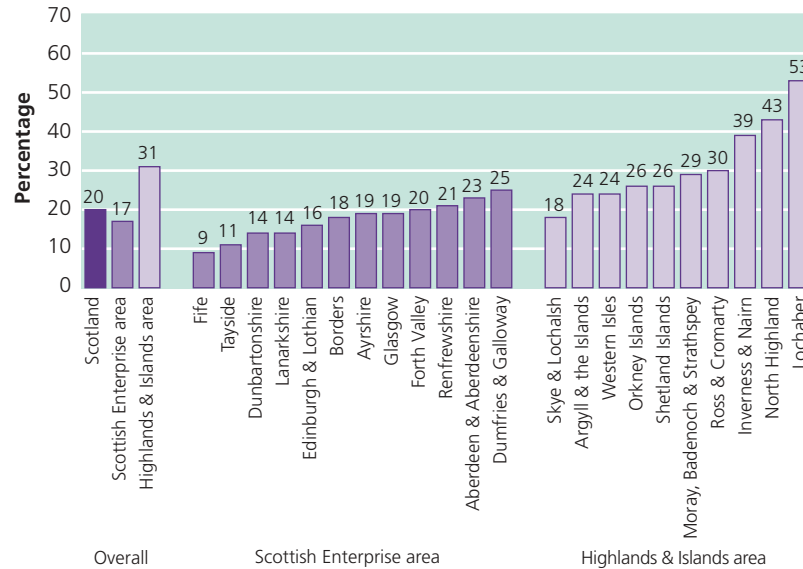
**Exhibit 5: Business sector perceptions – clarity of provision**

There was a wide range among forums in the extent to which businesses were clear about service provision.

*"I have a clear idea of which public sector organisation provides which business services in the local area."*



*"I know enough about the services provided by the different public sector agencies."*



Note: Each chart's vertical axis shows the percentage of respondents who agreed or strongly agreed with the statement. Mean values are given. Medians reflect the same picture and are in endnote<sup>12</sup>.

Source: Scottish Executive Enterprise and Lifelong Learning Department, survey of businesses, 2002



### *Forums' analyses of overlap and duplication at the local level*

3.9 The first step in the Executive's work plan required forums to undertake a review of existing arrangements. The review was expected to include:

- a comprehensive mapping exercise of the delivery of local economic development services
- an assessment of 'what works' by evaluating the quality and effectiveness of economic development services and what could be improved.

3.10 Each of the forums addressed the requirements set in the Executive's guidelines and undertook mapping, 'what works' and partnership reviews. Initially, just over half of the forums met the Executive's criteria for the exercises (Appendix 2) and the remainder later addressed weaknesses in their approaches identified by the Executive.

3.11 Forums have assessed overlap and duplication at the local level, on both partnership and service delivery, and gaps in the design and delivery of services. All forum areas have identified proposals for more effective delivery of, and initiatives to address gaps in, business support services. Specific examples included:

- duplication in the provision of financial assistance, business skills training, ICT advice, and property letting services by the LEC and the local authority
- duplication in the provision of assistance for young people by the local authority and the Prince's Scottish Youth Business Trust
- bureaucratic and multiple application forms and processes.

The main reasons identified for overlap, duplication and less effective service delivery were: lack of clarity in terms of the roles and responsibilities of service providers; limited information-sharing between agencies; and divergent marketing strategies and approaches to consultation.

3.12 Forums in the Scottish Enterprise area have identified proposals for rationalising partnerships and initiatives to improve the standard of services in their areas. Forums in the HIE area have identified some specific proposals and initiatives covering these factors. However, Highlands & Islands Enterprise are coordinating an area-wide central review of products and processes that will have a particular impact on the delivery of services.

3.13 Forums plan a range of actions to tackle overlap and to improve effectiveness. A number of common themes are:

- the need for a single entry point for enquiries from potential users of business support services
- improvements in literature to clarify the roles of local agencies and the services they provide
- greater sharing of knowledge about business support services on offer among the local agencies
- scope for more focused consultation among business support service providers on who delivers what
- the introduction of key account managers so that one member of the public sector acts as a contact point for any business
- the appointment of a lead agency for the delivery of each type of business support service.

3.14 The most common theme emerging was the need for a single entry point for enquiries. As a result, the Ministerial Taskforces have commissioned work to develop two single entry point arrangements: one serving all business support services delivered in the area covered by Scottish Enterprise, and one covering business services in the Highlands & Islands. These wider-ranging arrangements will take time to develop and, as an interim measure, the Executive expects forums to have made progress in developing local arrangements for single entry by April 2003.

## Resources

### *Resources influenced by forum decisions*

3.15 Forums found it difficult to supply the Executive with complete, accurate information on the resources that local agencies allocated to business support services because of:

- the diverse approaches to accounting for business support services between LECs and local authorities
- differences between LEC and local authority boundaries make aggregation difficult.

Because of these difficulties, the figures are not comparable on a strict like-for-like basis.

- 3.16 The level of spend in any area is determined by a number of factors. At a policy level, the amount of funds available per head of population is higher in the Highlands & Islands area than in the Scottish Enterprise area. Specific areas may also attract additional assistance for unique problems (such as additional funding allocated to rural areas like Dumfries & Galloway during 2001/02 because of the Foot and Mouth crisis). HIE and Scottish Enterprise both allocate funds on the basis of their strategic priorities so that some LECs (such as those in the HIE area with depopulation problems) will attract proportionately more grant funding than others. In addition, local authority spend on economic development is discretionary, and varies reflecting local decisions.
- 3.17 Forums reported total expenditure on business support services of £154 million in 2001/02. The level of expenditure varied from £1.9 million (Lochaber) to £17 million (Dumfries & Galloway) across the Forum areas, with a spread per head of population varying from £11 (Edinburgh & Lothian) to £422 (Western Isles) (Exhibit 6 and Appendix 3).
- 3.18 Forums' action plans set out proposals for addressing overlap and duplication, and for improving the effectiveness of business support in their local area. Exhibit 6 shows the perceived degree of overlap among businesses alongside the extent to which forums have identified potential for making better use of resources.

### *Resources redirected to other uses*

- 3.19 Twelve forums anticipate redeployment of resources totalling between £3.3 million and £3.7 million, equating to between 2.2% and 2.4% of the total relevant 2001/02 expenditure. The relative amounts by forum area range from zero in ten forum areas to 12% in Dunbartonshire, and the actual amounts range up to £0.8 million in Glasgow.
- 3.20 Nine of the ten forums which have not quantified the financial impact of changes to the delivery of services are in the HIE area. Shetland is the exception, identifying less than 1% potential for release, but with scope for more. HIE anticipates that savings of around £0.6 million (1.2% of total expenditure identified for the HIE area) from an area-wide central review of products and processes. It is not clear at this stage how this may impact on forums. Dumfries & Galloway is the only SEEn area forum not to quantify resources for release.

### Exhibit 6: Potential for deployment of resources

The level of resources to be freed up ranges from 0.3% to 12% as a proportion of forums' 2001/02 outturn expenditure on business support services. Business perceptions of overlap is included for comparative purposes.

Forum	Business perception of overlap (%)  Note 1	2001/02 total outturn spend		Estimated resources freed up		Source of resources released or potentially released
		(£ million)	Spend per resident aged 18-64 (£)	Estimated amount (£ million) Note 2	As % of 2001/02 outturn budget Note 3	
<i>Scottish Enterprise area</i>						
Aberdeen & Aberdeenshire	43	8.6	31	0.20 – 0.40	2 – 5	<ul style="list-style-type: none"> <li>■ estimate of human resource savings from proposals for business gateway, centres of expertise and account management</li> </ul>
Ayrshire	42	9.0	40	0.02 – 0.07	<1	<ul style="list-style-type: none"> <li>■ £8k from producing a single business directory</li> <li>■ £15k from a single service point</li> <li>■ £50k saved over the last two years by moving to one Small Business Gateway provider</li> </ul>
Borders	40	5.7	90	0.18	3	<ul style="list-style-type: none"> <li>■ saved by previous partnership working, and existing move to a Business Gateway</li> </ul>
Dumfries & Galloway	23	17.0	197	-	-	
Dunbartonshire	43	3.8	29	0.44	12	<ul style="list-style-type: none"> <li>■ from addressing overlap and co-ordinating services over last two years, and review of partnership activity</li> <li>■ work ongoing to identify further savings</li> </ul>
Edinburgh & Lothian	45	5.7	11	0.40 – 0.45	7 – 8	<p>Better use of resources and saving staff time:</p> <ul style="list-style-type: none"> <li>■ £100k to £150k from existing products and services</li> <li>■ efficiency saving of £300k pa from consolidation of services in Business Gateway</li> </ul>
Fife	42	5.5	25	0.05	<1	<ul style="list-style-type: none"> <li>■ single joint business newsletter</li> <li>■ setting up an Economic and Business Intelligence service</li> </ul>
Forth Valley	43	4.5	26	c 0.30	7	<ul style="list-style-type: none"> <li>■ approx. £200k over last two years due to local business gateway</li> <li>■ £30k-£40k from retendering the Small Business Gateway</li> <li>■ £25k through sharing databases</li> <li>■ £45k contracting out some property services</li> </ul>
Glasgow	43	14.0	36	0.80	6	<ul style="list-style-type: none"> <li>■ approx. £800k pa through rationalisation of delivery structure – moving to one Small Business Gateway provider, and relocation and co-location of specialist functions</li> </ul>

Forum	Business perception of overlap (%) Note 1	2001/02 total outturn spend		Estimated resources freed up		Source of resources released or potentially released
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Lanarkshire	22	12.3	31	0.56	5	<ul style="list-style-type: none"> <li>■ £500k pa plus potential for further savings by rationalising business publications (note first year savings likely to be offset by £250k legal fees and other costs)</li> <li>■ £58k from a single business publication</li> </ul>
Renfrewshire	43	7.3	33	0.20	3	<ul style="list-style-type: none"> <li>■ tentative savings from resolving overlap</li> </ul>
Tayside	49	7.1	30	0.20	3	<ul style="list-style-type: none"> <li>■ £150k from Business Gateway efficiency savings in operating costs and redeployment of staff resources</li> <li>■ £30k in costs of business survey work as a result of improved co-ordination</li> <li>■ £10k from clarity of corporate responsibilities and signposting</li> <li>■ £10k from rationalisation of business directories</li> </ul>
<i>Highland &amp; Islands area</i>						
Argyll & the Islands	30	13.7	253	-	-	
Inverness & Nairn	49	2.2	46	-	-	
Lochaber	65	1.9	159	-	-	
Moray, Badenoch & Strathspey	24	9.2	158	-	-	
North Highland	50	4.0	174	-	-	
Orkney Islands	36	2.7	226	-	-	
Ross & Cromarty	42	5.4	173	-	-	
Shetland Islands	25	5.7	411	0.04	<1	<ul style="list-style-type: none"> <li>■ co-ordinated approach to business enquiries</li> </ul>
Skye & Lochalsh	40	2.4	324	-	-	
Western Isles	33	6.7	422	-	-	
<b>Scotland</b>	-	<b>154.3</b>		<b>3.3 – 3.7</b>	<b>2.2 – 2.4</b>	

Note 1: Percentage of businesses agreeing with the statement "there is too much overlap in the services provided by the different public sector agencies".

Note 2: Estimated amount which should be available for reallocation. The Scotland total is rounded from the source data.

Note 3: Percentage resources freed up is the estimated amount which should be available for reallocation as a result of forums' actions, relative to their 2001/02 outturn expenditure on business support services.

Source: Scottish Executive Enterprise and Lifelong Learning Department review of forum action plans

## Partnership working

3.21 This section looks at how forums are operating and how they are managing their external relationships. The relevant indicators from the performance framework are:

- clear statements of roles and responsibilities among Forum members
- forums have agreed action plans
- forums have assessed their alignment with the community planning process.

Other framework indicators dealing with partnership management are covered in paragraphs 3.9-3.12 above.

### Clear roles and responsibilities

3.22 Each of the forums' action plans included statements of the roles and responsibilities of agencies delivering business support services in their local areas. The survey of forum members found that forums generally shared a common sense of purpose (73% agreed), that their forum structures were fit for purpose (66%), that forum objectives, targets and milestones were owned by those responsible (60%), and that forum partners used appropriate methods and committed resources to meet forum tasks (57%).

### Agreed action plans

3.23 The Executive's analysis of the 22 forum action plans found forum members had agreed to the plans.

### Community planning

3.24 The national guidelines for forums note that "*forums should work closely with the community planning process in their localities. They should not be viewed as competing priorities but, instead, should be used to forge close and constructive relationships. Local Economic Forums working effectively have the ability to be the major contributor to the economic dimension of the community planning process*"<sup>13</sup>.

3.25 The Executive's analysis of forums action plans found that the 22 forums had reflected community planning issues in their action plans.

## Effectiveness in communication

### *Consultation and review*

3.26 Each forum's action plan included evidence of mechanisms for consultation and review with its local communities. The Executive's survey of forum members found that 60% of those who responded agreed that their forum periodically reviews its vision and achievements. Over three-quarters (77%) agreed that forum partners are receptive to improvements in activities and ways of working, and over three-quarters (76%) agreed that forum partners are open to learning from each other and elsewhere (76%). Forum members in the Highlands & Islands and Scottish Enterprise areas held similar views on these issues.

### *Communication*

3.27 Twenty-one of the forum action plans initially contained evidence of a robust communication strategy to ensure linkage with all sections of the local community. The Executive subsequently asked the remaining forum to produce a clearer strategy. Over three-quarters (77%) of forum members considered Forum communication to be effective and comprehensive.

3.28 The (then) Deputy Minister for Enterprise and Lifelong Learning and Gaelic launched the national website for forums in May 2001, to host generic information and key documents plus links to individual forums' websites. All 22 forums now also have their own dedicated website. With one exception (Ayrshire), the 12 forums in the SEn area have opted for a common web portal hosted on the SEn national web site, and follow a common approach to their design and content. In the HIE area, five forums' websites are hosted by the local LEC and are very similar in design and content<sup>14</sup>. The other five forums are taking their website forward individually and differ in their approach<sup>15</sup>.

## Part 4: Next steps

- 4.1 The Executive issued updated guidelines for forums in August 2002. These contained a series of key messages for forums, including a continuation of the focus on strengthening the provision of business services and the importance of using resources released locally to address gaps, improve services and create new opportunities.
- 4.2 The guidelines also highlight the Executive's role in working with forums to track delivery of action plans for services to businesses. The Executive will continue to gather information on each of the indicators in the performance indicator framework by:
- requesting regular progress reports on each forum's action plan
  - repeating surveys of business users, forum members, and of public sector expenditure on business services at the local level.
- 4.3 A key provision of the Local Government in Scotland Bill (SP Bill 2002/53) relates to the introduction of a statutory underpinning of the community planning process "*whereby a local authority and other local agencies... come together to develop and implement a shared vision for promoting the well-being of their area*". Some of the Bill's provisions are:
- a duty on local authorities to initiate, facilitate and maintain the community planning process, in a consultative manner
  - a duty on a number of key bodies to participate in community planning, including Highlands & Islands Enterprise and Scottish Enterprise.
- These measure are likely to have a major impact on the co-ordination of economic development at the local level.
- 4.4 Audit Scotland will examine the information gathered by the Executive. The performance recorded by each forum will be measured against the baseline position, as set out in this report, during 2003 and published in a follow-up report.



# Appendices

## Appendix 1: List of forums

### Exhibit 7: The 22 forums

There are 10 forums in the area of Highlands & Island Enterprise and 12 in the Scottish Enterprise area. Forums span between one and four local authorities. Highland Council straddles six forums. Argyll & Bute Council and North Ayrshire Council both overlap two forums, one in the Highlands & Islands and one in the Scottish Enterprise area.

Enterprise area	Forum	Local authorities spanned by Forum
Highlands & Islands	Argyll & the Islands	Argyll & Bute, North Ayrshire
	Inverness & Nairn	Highland
	Lochaber	Highland
	Moray, Badenoch & Strathspey	Highland, Moray
	North Highland*	Highland
	Orkney Islands	Orkney Islands
	Ross & Cromarty	Highland
	Shetland Islands	Shetland Islands
	Skye & Lochalsh	Highland
	Western Isles	Western Isles
Scottish Enterprise	Aberdeen & Aberdeenshire*	Aberdeen City, Aberdeenshire
	Ayrshire	East Ayrshire, North Ayrshire, South Ayrshire
	Borders	Scottish Borders
	Dumfries & Galloway	Dumfries & Galloway
	Dunbartonshire	Argyll & Bute, East Dunbartonshire, West Dunbartonshire
	Edinburgh & Lothian	City of Edinburgh, East Lothian, Midlothian, West Lothian
	Fife	Fife
	Forth Valley	Clackmannanshire, Falkirk, Stirling
	Glasgow	Glasgow City
	Lanarkshire	North Lanarkshire, South Lanarkshire
	Renfrewshire	Inverclyde, East Renfrewshire, Renfrewshire
	Tayside	Angus, Dundee City, Perth & Kinross

Note\*: The North Highland Forum corresponds to the area of Caithness & Sutherland Enterprise, and the Aberdeen & Aberdeenshire Forum corresponds to the area of Grampian Enterprise.

Source: Scottish Executive Department of Enterprise and Lifelong Learning, Forum websites

## Appendix 2: Information sources

### *Perceptions of service users*

The Scottish Executive commissioned NFO System Three to conduct a national telephone survey of service users' and potential users' perceptions and experiences of business support services. The survey was designed to give representative coverage of all business sizes and the main business sectors within each Forum area. During March and April 2002, 2,426 interviews were conducted with business owners and managers across Scotland. Questions used in this report related to:

- the clarity of service provision
- the relevance of the services that are provided
- whether there is perceived duplication, competition and overlap between services.

### *Forums' expenditure on business support services*

A survey by the Scottish Executive required all forums to complete a spreadsheet template to account for their LEC and local authority members' expenditure on business support services. The survey was required because LECs and local authorities have diverse approaches to accounting for expenditure on business support services. Local authorities' approaches vary according to local service priorities and organisational structures.

Guidance issued with the survey emphasised the importance of each forum detailing its approach to completing the template, so that the tracking of expenditure in future years can be conducted on the same basis.

### *Survey of forum members*

In December 2001, the Scottish Executive conducted an electronic survey of forum members to gauge their views and experience of partnership management and improvement<sup>16</sup>. The survey was required to provide a quantified, Scotland-wide assessment of members' views.

Across Scotland, the average number of members in each forum is just under 12, so the overall response rate of 46% meant that fewer than six members responded from some forums. The small numbers involved therefore made the analysis of statistics by forum area invalid, though analysis by HIE/SEn enterprise areas was sustainable.

## Forums' action plans

The national guidelines required each forum to develop an action plan by October 2001, setting out the impact that it expected to make in its local area. Plans were expected to provide evidence of how each forum was addressing each of 14 criteria for action (Exhibit 8). The Scottish Executive assessed each action plan to identify the extent to which it addressed the criteria.

### Exhibit 8: Assessment framework for forums' action plans

The Scottish Executive assessed all action plans against 14 criteria.

	Criterion
1.	Is the action plan agreed by all forum members?
2.	Does the action plan contain a statement of roles and responsibilities of agencies delivering business support services?
3.	Engaging the wider community: 3.1 Forum communication strategy 3.2 Forum website operational 3.3 Forum mechanisms for engaging wider community
4.	Mapping exercise undertaken
5.	'What works' assessment undertaken
6.	Proposals to tackle overlap and duplication
7.	Proposals to streamline delivery
8.	Proposals to rationalise partnerships
9.	Next steps: 9.1 Programme of action agreed 9.2 Plan/timescale for implementation 9.3 Progress on action plan to date
10.	Resources redirected to service delivery
11.	Initiatives to address gaps in service delivery
12.	Initiatives to improve standard of services
13.	Strategic fit with external processes/alignment with community planning
14.	Targets/plans for co-ordinating economic development services

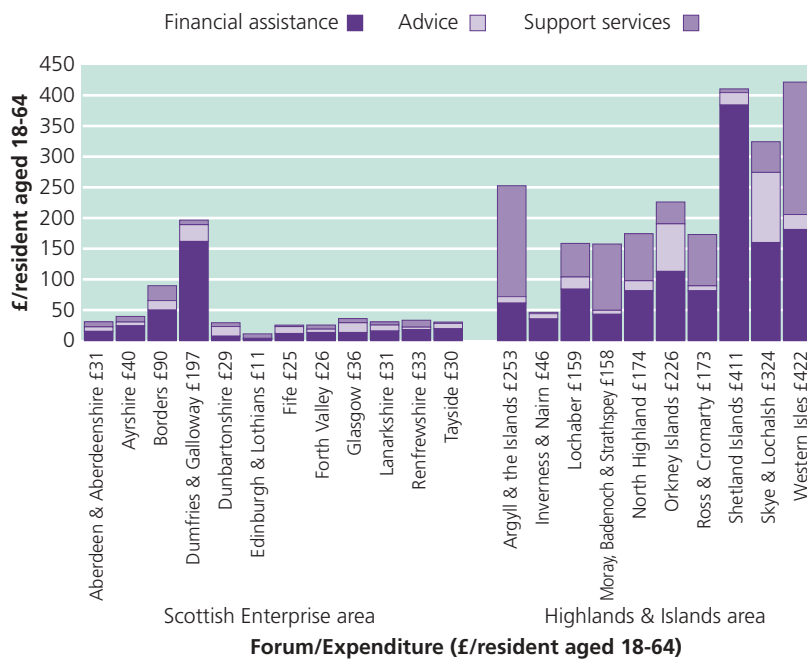
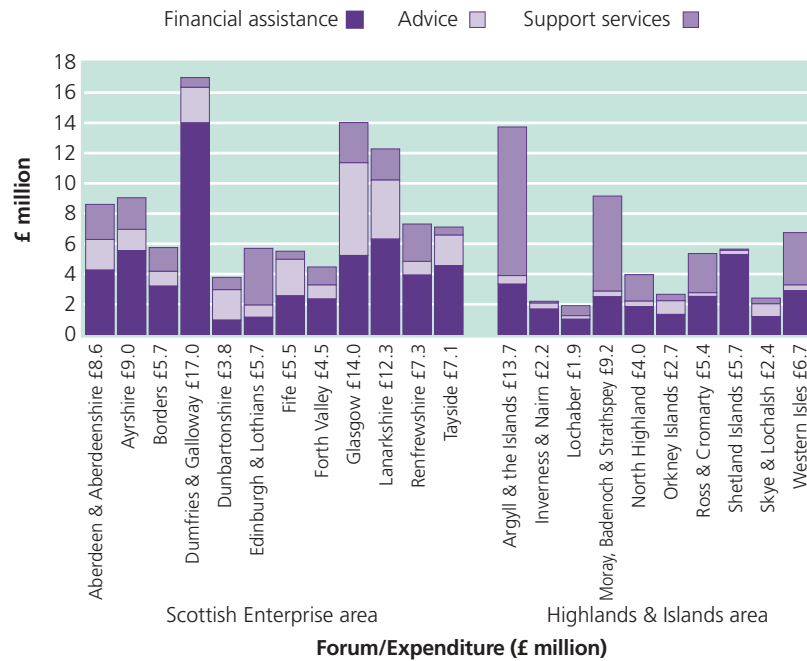
Note: All action plans were assessed by the Scottish Executive against these criteria, on a five-point scale: no evidence, little evidence, some evidence but not clear, clear evidence, best practice.

Source: Scottish Executive Enterprise and Lifelong Learning Department

## Appendix 3: Forum expenditure

### Exhibit 9: 2001/02 outturn expenditure

Forums' LEC and local authority partners spent approximately £154 million on business support services in the financial year 2001/02. Expenditure by forums ranged between £1.9 million and £17.0 million.



Note: Population data is taken from The General Register Office for Scotland, 2000 mid-year estimates.

Source: Scottish Executive Enterprise and Lifelong Learning Department, survey of forums, 2002

## Appendix 4: Endnotes

1. Scottish Executive Guidelines for Forums, Minister's Introduction, para. 4, March 2001.
2. Performance Indicator Framework for Forums, Scottish Executive Enterprise and Lifelong Learning Department, July 2001, [www.scotland.gov.uk/enterprise/localeconomicforums/pmf.pdf](http://www.scotland.gov.uk/enterprise/localeconomicforums/pmf.pdf)
3. Enterprise and Lifelong Learning Committee, 1st report 2000, SP Paper 109, [www.scottish.parliament.uk/official\\_report/cttee/enter-00/elr00-01v1-01.htm](http://www.scottish.parliament.uk/official_report/cttee/enter-00/elr00-01v1-01.htm)
4. ELL Committee, op cit, Final Conclusion 9.
5. ELL Committee, op cit, Final Conclusion 10.
6. Scottish Executive Guidelines for Forums, Minister's Introduction, para. 4, March 2001.
7. Scottish Executive Enterprise and Lifelong Learning Department, data prepared for Audit Scotland.
8. Performance Indicator Framework for Forums, Scottish Executive Enterprise and Lifelong Learning Department, July 2001, [www.scotland.gov.uk/enterprise/localeconomicforums/pmf.pdf](http://www.scotland.gov.uk/enterprise/localeconomicforums/pmf.pdf)
9. On 16 January 2002, the Enterprise and Lifelong Learning Committee heard evidence from the Confederation of British Industry Scotland, Chambers of Commerce Scotland, and the Federation of Small Businesses, [www.scottish.parliament.uk/official\\_report/cttee/enter-02/el02-0201.htm](http://www.scottish.parliament.uk/official_report/cttee/enter-02/el02-0201.htm)
10. Median values for Exhibit 4(a) Scotland – 42, HIE area – 38, SEn area – 43  
Median values for Exhibit 4(b) Scotland – 43, HIE area – 41.5, SEn area – 43  
Median values for Exhibit 4(c) Scotland – 27.5, HIE area – 26.5, SEn area – 28.
11. The business sectors surveyed were: Primary (eg, fishing); Manufacturing; Construction; Wholesale, Retail & Distribution; Transport & Communications, Finance & Real Estate; Education, Health & Social Work; Other Services.
12. Median values for Exhibit 5(a) Scotland – 26, HIE area – 40.5, SEn area – 24  
Median values for Exhibit 5(b) Scotland – 22, HIE area – 27.5, SEn area – 18.5.
13. National guidelines, op cit, Minister's Introduction, para. 7.
14. Moray, Badenoch & Strathspey, Orkney Islands, Ross & Cromarty, Shetland Islands, Skye & Lochalsh.
15. Argyll & the Islands, Inverness & Nairn, Lochaber, North Highland, Western Isles.
16. [www.scotland.gov.uk/enterprise/PMS/Partnership\\_Management\\_Survey.asp](http://www.scotland.gov.uk/enterprise/PMS/Partnership_Management_Survey.asp)





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