Local economic forums

A follow-up report

Prepared for the Auditor General for Scotland and the Accounts Commission

June 2004

AUDIT SCOTLAND

Local economic forums: a follow-up report
Prepared by Audit Scotland on behalf of the Auditor General and the Accounts Commission.

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Contents

Main findings
Page 2

Part 1: Introduction
Page 3

Part 2: Impact on the business sector
Page 5

Part 3: Resources
Page 12

Part 4: Partnership working
Page 15

Part 5: Communication
Page 18

Part 6: Recommendations
Page 22

Appendices
Appendix 1: Local economic forums
Page 23

Appendix 2: Performance measurement framework
Page 23

Appendix 3: Profile of progress made by local economic forums
Page 24

Main findings

We have reviewed progress made by local economic forums (LEFs) since we published our baseline report on forums in October 2002.

Impact

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, 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 forum members continue to show favourable results, but the proportion of members expressing satisfaction with LEF structures has fallen.

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 forum partners across Scotland.

Part 1: Introduction

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*[1].' 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.

1.2 The 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*."

1.3 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 operate under guidelines issued by the Scottish Executive Enterprise and Lifelong Learning Department (the Executive) and their progress has been monitored by two Ministerial Taskforces, one covering LEFs in the Scottish Enterprise (SEn) area and one for LEFs in the area covered by Highlands & Islands Enterprise (HIE). LEFs have no budgets or operational responsibilities in their own right.

1.4 The Executive's guidelines defined the role of LEFs as "*to agree a shared vision and programme of action for the streamlining and improvement of service delivery*[2]". Guidelines issued in March 2001 set the LEFs an initial task of eliminating overlap and duplication in the support services public agencies delivered to local businesses.

1.5 Further guidance by the Executive, issued in August 2002, required LEFs to take forward action plans they had developed to address overlap and duplication, and set them an additional task to develop local economic development strategies consistent with and contributing to the aims and ambitions of the national strategy set out in *A Smart, Successful, Scotland*.

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1 Enterprise and Lifelong Learning Committee (ELL Committee), First Report, 2000, SP paper 109, www.scottish.parliament.uk/S1/official_report/cttee/enter-00/elr00-01v1-02.htm#3

2 Scottish Executive guidance, March 2001, www.scotland.gov.uk/library3/enterprise/lef_guide_final.pdf

The study

1.6 We have monitored the progress made by LEFs at the request of the Executive. When LEFs were established, the Executive asked the Auditor General for Scotland and the Accounts Commission to undertake a joint study into the progress of LEFs in achieving measurable outcomes set for them by the Executive and in eliminating duplication in service provision.

1.7 We conducted the study in two stages. The first stage was a baseline study, published in October 2002, that established the position LEFs inherited against four aspects of a performance measurement framework covering: impact; resources; partnership working, and communication (Appendix 2).

1.8 The second stage tracks progress made by the LEFs against the baseline position using evidence from:

- surveys, by the Executive, of LEF members' views – conducted in December 2001 and repeated in September 2003
- surveys of the views of over 2,400 businesses across Scotland as a proxy for the impact that LEFs made in their area. The survey was conducted by NFO System Three on behalf of the Executive between March and April 2002, and repeated between August and September 2003
- surveys, by the Executive, of expenditure on business support services by local authorities and LECs – conducted in May 2002 and repeated in June 2003
- documentation and discussion with representatives from each LEF
- information held by the Executive on its role in monitoring LEFs' progress
- direct contact with local authority chief executives and key bodies representing the business sector.

1.9 The remainder of this report summarises LEFs' progress as follows:

- Part 2 – Impact on the business sector
- Part 3 – Resources
- Part 4 – Partnership working
- Part 5 – Communication
- Part 6 – Recommendations.

Part 2: Impact on the business sector

2.1 This part of the report examines the impact made by LEFs by considering:

- the extent to which LEFs have delivered actions identified as necessary to eliminate overlap and duplication
- whether the business community recognise improvements in the delivery of services.

Action to eliminate overlap and duplication

2.2 The baseline report described how each LEF had undertaken a review of the delivery of business support services in their local area. Each review was undertaken in line with guidelines set by the Executive and led to local action plans that included specific initiatives for addressing overlap and duplication in the LEF area. The diversity of situations confronted by LEFs meant that each LEF tailored its action plan to address particular local issues as it saw fit. Therefore, no two LEFs planned the same improvements. However, reviews also identified scope for wider-ranging initiatives common to all LEFs. The Executive monitored progress made by each LEF against its action plan and reported to the Ministerial Taskforces which, in turn, highlighted examples of good practice that LEFs might adopt.

LEF action

2.3 LEFs identified a total of 320 actions related to eliminating overlap and duplication. The number of actions varied from seven (in Argyll & the Islands, Moray Badenoch & Strathspey, Skye & Lochalsh) to 36 (in Forth Valley), reflecting LEF judgements on action necessary to address issues raised in their reviews of the delivery of business services. The type of actions also varied across LEFs though a number of similar approaches were adopted, including:

- **Agreement on the lead agency for the delivery of each type of business support service** – since LEFs were formed some authorities have pulled out of economic development altogether (eg, Moray Council) or withdrawn from some aspects of provision (eg, Argyll & Bute Council).
- **Streamlining of public sector services** – rationalisation of public services has occurred in many LEF areas, including Lanarkshire (where similar schemes provided by North Lanarkshire and South Lanarkshire Councils have been merged) and the Borders(where the LEF evaluated developments among tourism enterprises to clarify roles and responsibilities for public sector providers).
- **Co-location of LEC and local authority staff** – in some areas, such as Shetland and Renfrewshire, LEC and local authority staff either share premises or use each other's premises.
- **Shared information on commercial property** – public sector bodies in LEF areas, such as Fife and Lochaber now jointly support a single, shared database of commercial property.

2.4 Our analysis (Appendix 3) found that LEFs had been largely successful in achieving the actions they had identified. We found evidence to show that LEFs had fully implemented 257 (80%) of their improvement actions and that a further 43 (13%) actions were still being pursued.

2.5 We found no evidence of progress in only 20 actions (6%) with 3 (1%) not started, 6 actions (2%) were still planned but unstarted, and LEFs had decided not to implement 11 (3%) actions.

2.6 Progress within the LEFs varied. Three had implemented all their actions (Argyll & the Islands, Dunbartonshire, Lanarkshire) and in another two, progress awaited developments such as the introduction of customer relationship management and account management systems across LECs (North East Scotland) and the review of tourism services (Ross & Cromarty). In the other 18 LEFs:

- five no longer intended to implement some of their original improvement actions (Borders, Fife, Forth Valley, Moray Badenoch & Strathspey, Tayside)
- many LEFs had progressed less than intended but had plans to complete outstanding actions
- five LEFs had progressed less than expected but had no plans to complete outstanding actions (Ayrshire, North Highland, Orkney Islands).

2.7 The Ministerial Taskforce meetings in May 2002 identified examples of good practice for engaging with customers, which were reinforced in August 2003 by specific outcomes from the action plans. Our examination found that all LEFs had sought out good practice and had implemented measures of good practice highlighted by the Executive.

2.8 Some aspects of good practice were not always locally relevant. For example, some LEFs had rationalised business sector representation by merging chambers of commerce, whereas geographical considerations made merging chambers impractical in some LEF areas.

Wider-ranging initiatives

2.9 Our baseline report noted that a common theme emerging from LEF reviews of the delivery of business services was the need for a single entry point for enquiries. The Ministerial Taskforces had commissioned work to develop two single entry point arrangements – one serving all business support services in the SEn area, and one covering business services in the Highlands & Islands. We found that good progress has been made in developing both services.

2.10 A single-brand access point for all public sector services to business in the SEn area, the Business Gateway, was launched in July 2003, founded on three core features:

- customers make contact via office outlets, the website www.bgateway.com, or a national phone number
- marketing campaigns are co-ordinated across all 12 LEF areas
- three categories of service are provided:
  - targeted services, available on specific conditions or criteria – across the whole SEn area, and used proactively by LEF members in promoting business

- local, discretionary services – configured by individual LECs or their partners, to meet specific local needs
- universal services, available to all customers and either provided by the LEC itself, the local authority sector, or the private sector acting under contract to the LEC

- the Prince 2 project management system is used to ensure that new products and services are developed systematically and do not replicate those that already exist.

2.11 In the HIE area, LECs have become the Single Entry Point for queries about business support services, from September 2003. In addition, as part of a wider Products and Processes Review being undertaken by HIE, a web-based service database is being developed to enable business sector clients and public sector service providers to make better informed decisions about services that best meet specific needs. HIE expects the database to be operational by August 2004.

Business perceptions

2.12 The baseline report recorded how changes in business perceptions had been identified as a key measure of the impact LEFs have on eliminating overlap and duplication. LEFs were established following criticism about the delivery of services from the business community and others, but the level of criticism had not been objectively measured. However, it was decided that the perspective of the business sector in relation to overlap and duplication should be established through questions to be included in a survey of business opinions commissioned by the Executive. Progress was to be tracked through a follow-up survey some 18 months later. The first survey was conducted between March and April 2002, and the results were set out in our baseline report. The repeat survey was undertaken between August and September 2003.

2.13 The survey results provide information on two areas where businesses consider LEFs' actions should have an impact: whether overlap and duplication exists and, more generally, whether businesses are clear about how business support services are provided.

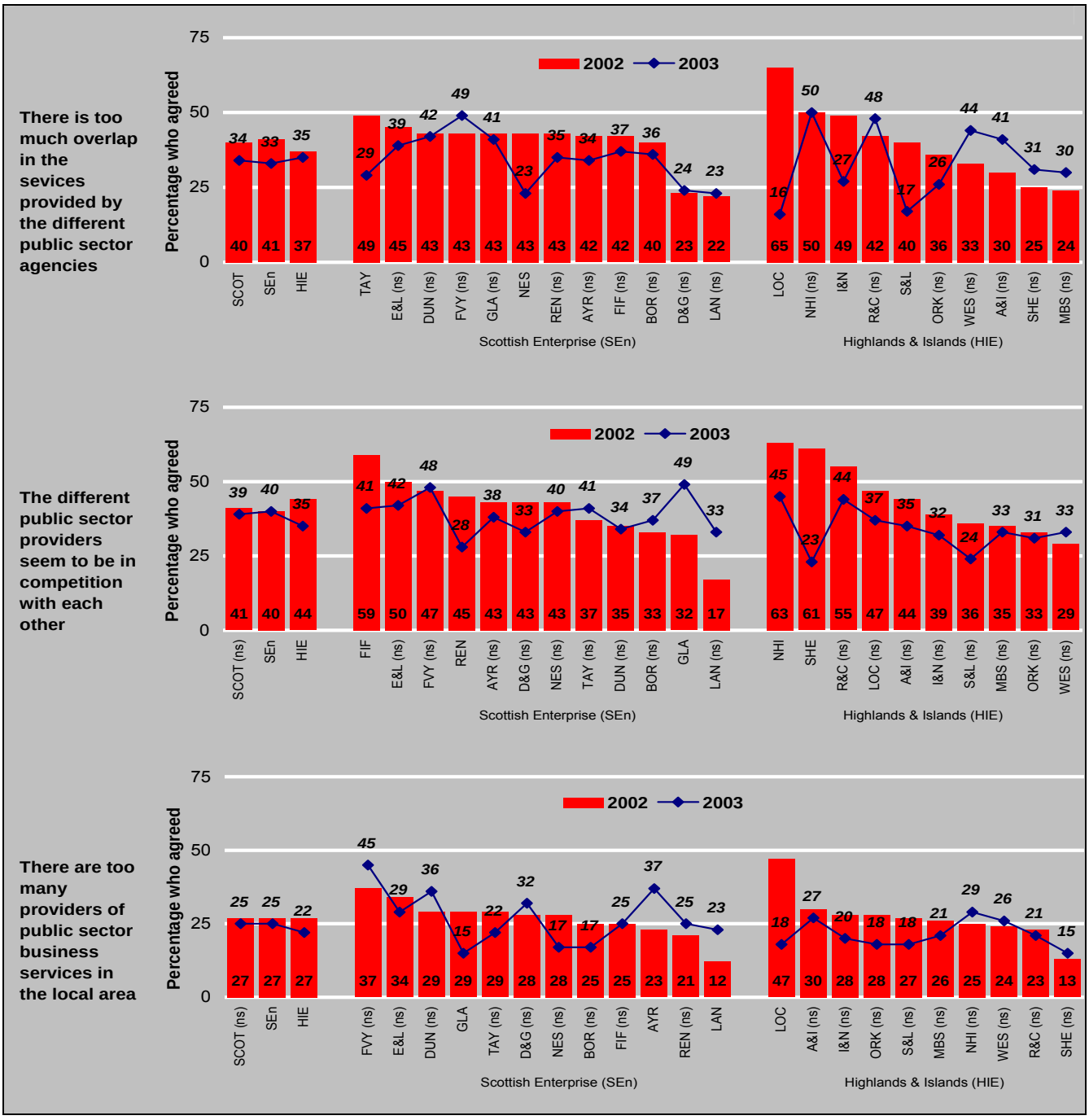
2.14 Exhibit 1 sets out two the surveys' responses on overlap and duplication. Across Scotland, the proportion of respondents agreeing with statements about overlap and duplication shows no statistically significant change between 2002 and 2003, although there is a downward trend for each question. The proportion agreeing there is was much overlap fell from 40% in 2002 to 34% in 2003, the proportion identifying too much competition fell from 41% to 39%, and the proportion who felt there were too many providers fell from 27% to 25%.

2.15 There was no overall difference in perception of overlap and duplication between respondents in the SEn area and the HIE area in 2002, and the survey results for 2003 repeat that message. However, as in 2002, there is substantial variation among LEF areas, although the range of variation has decreased. Statistically significant improvements in perception are apparent in 10 LEF areas and statistically significant deterioration is apparent in three LEF areas (Exhibit 2). We found no direct relationship between the number of actions that a LEF undertook, or the proportion accomplished, and the extent to which statistically significant improvements were evident.

Exhibit 1

Business sector perceptions – overlap, competition and duplication

The Executive's survey of businesses found wide variations in the strength of their views, both among LEFs in 2002 and in 2003, and in terms of the changes in views over time within each LEF area.



Source: NFO Social Research report for Scottish Executive, November 2003, Table 9, page 30: those who agreed or strongly agreed.

Exhibit 2

Statistically significant changes in perceptions of overlap and duplication

Ten LEFs demonstrated a significant improvement in perceptions, but in three areas there was a significant deterioration.

LEFs demonstrating improvements in perception		**LEFs demonstrating deterioration in perception**	
LEF	**Improvement**	**LEF**	**Deterioration**
Glasgow	Proportion identifying too many providers fell from 29% to 15%	Ayrshire	Proportion identifying too many providers rose from 23% to 37%
Fife	Proportion recognising competition between providers fell from 59% to 41%	Glasgow	Proportion recognising competition rose from 32% to 49%
Inverness and Nairn	Proportion recognising overlap fell from 49% to 27%	Lanarkshire	Proportion identifying too many providers rose from 12% to 23%
Lochaber	Proportion recognising overlap fell from 65% to 16%, and the proportion identifying too many providers fell from 47% to 18%		
North-East Scotland	Proportion recognising overlap fell from 43% to 23%		
North Highland	Proportion recognising competition between providers fell from 63% to 45%		
Renfrewshire	Proportion recognising competition between providers fell from 45% to 28%		
Shetlands	Proportion recognising competition between providers fell from 61% to 23%		
Skye & Lochalsh	Proportion recognising overlap fell from 40% to 17%		
Tayside	Proportion recognising overlap fell from 49% to 29%		

Source: NFO Social Research report for Scottish Executive, November 2003.

2.16 Across Scotland there was no statistically significant improvement, between 2002 and 2003, in the extent to which business leaders agreed with the two survey statements: *"I have a clear idea of which public sector organisation provides which business services in the local area"* and *"I know enough about the services provided by the different public sector agencies"* (Exhibit 3). Overall, only a minority of respondents agreed that they had a clear idea about which organisation provided which service (26% in 2002 and 27% in 2003), and that they knew enough about services provided by public sector agencies (20% in 2002 and 21% in 2003).

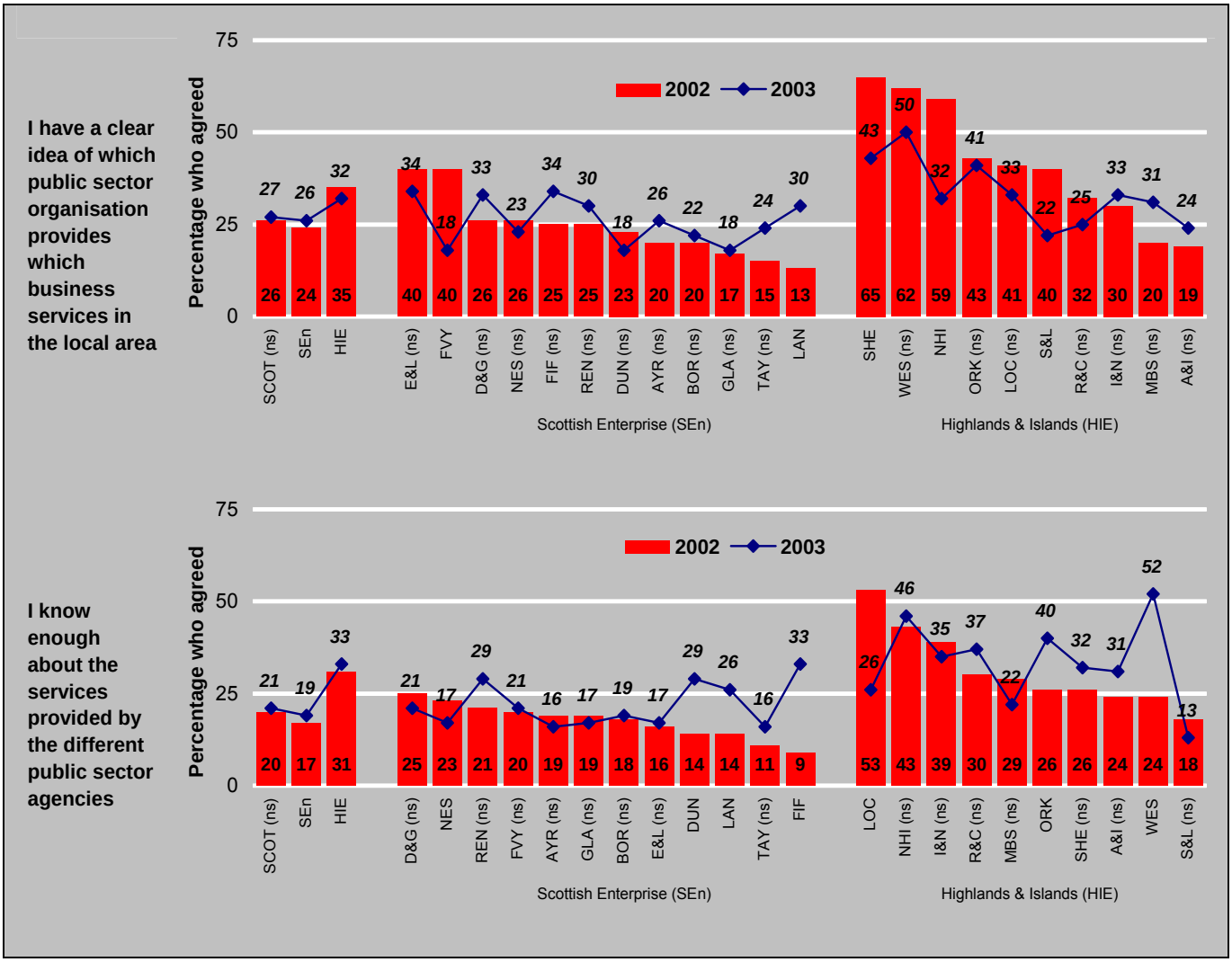
2.17 Businesses in the HIE area remained clearer about service provision than those in the SEn area, particularly in response to the question regarding the services provided by different public sector agencies.

2.18 Significant variations in the responses in different LEF areas remain, although the range narrowed between the surveys. The results show statistically significant changes in perception of clarity of provision, with five LEFs demonstrating improvements on the survey measures, and six demonstrating a deterioration (Exhibit 4).

Exhibit 3

Business sector perceptions – clarity of provision

The Executive's survey of business leaders found wide variations in the strength of their views, both among LEFs in 2002 and in 2003, and in terms of the changes in views over time within each LEF area.



Source: NFO Social Research report for Scottish Executive, November 2003, Table 7, page 25: those who agreed or strongly agreed.

2.19 The Business Gateway in the SEn area and the Single Entry Point arrangements in the HIE area are designed to simplify access by businesses to public sector services, irrespective of the service provider. It should therefore become less important for a business, at the outset, to be aware of which body might provide the particular service it requires.

Exhibit 4

Statistically significant changes in perceptions of clarity of provision

Five LEFs demonstrated a significant improvement in perceptions, with a significant deterioration in another five.

LEFs demonstrating improvements in perception		**LEFs demonstrating deterioration in perception**	
LEF	**Improvement**	**LEF**	**Deterioration**
Dunbartonshire	Proportion agreeing that they knew enough about services provided rose from 14% to 29%	Forth Valley	Proportion with a clear idea of service provider fell from 40% to 18%
Fife	Proportion agreeing that they knew enough about services provided rose from 9% to 33%	Lochaber	Proportion agreeing that they knew enough about services provided fell from 53% to 26%
Lanarkshire	Proportion with a clear idea of service provider rose from 13% to 30%, and the proportion agreeing that they knew enough about services provided rose from 14% to 26%	North-East Scotland	Proportion agreeing that they knew enough about services provided fell from 23% to 17%
Orkney	Proportion agreeing that they knew enough about services provided rose from 26% to 40%	North Highland	Proportion with a clear idea of service provider fell from 59% to 32%
Western Isles	Proportion agreeing that they knew enough about services rose from 24% to 52%	Shetlands	Proportion with a clear idea of service provider fell from 65% to 43%
		Skye & Lochalsh	Proportion with a clear idea of service provider fell from 40% to 22%

Source: NFO Social Research report for Scottish Executive, November 2003.

Conclusion

2.20 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.

Part 3: Resources

3.1 Although LEFs themselves have no budgets, their action plans and strategies anticipated more effective use of their public sector members' expenditure. The Executive emphasised that resources released from streamlining services was to be available for local reinvestment to address identified gaps in service delivery. This section looks at:

- the resources that LEFs' LEC and local authority members spend on business support services
- the resources that LEFs were expecting their action plans to save or redirect
- the cost of administering the LEF process.

Resources influenced by LEFs

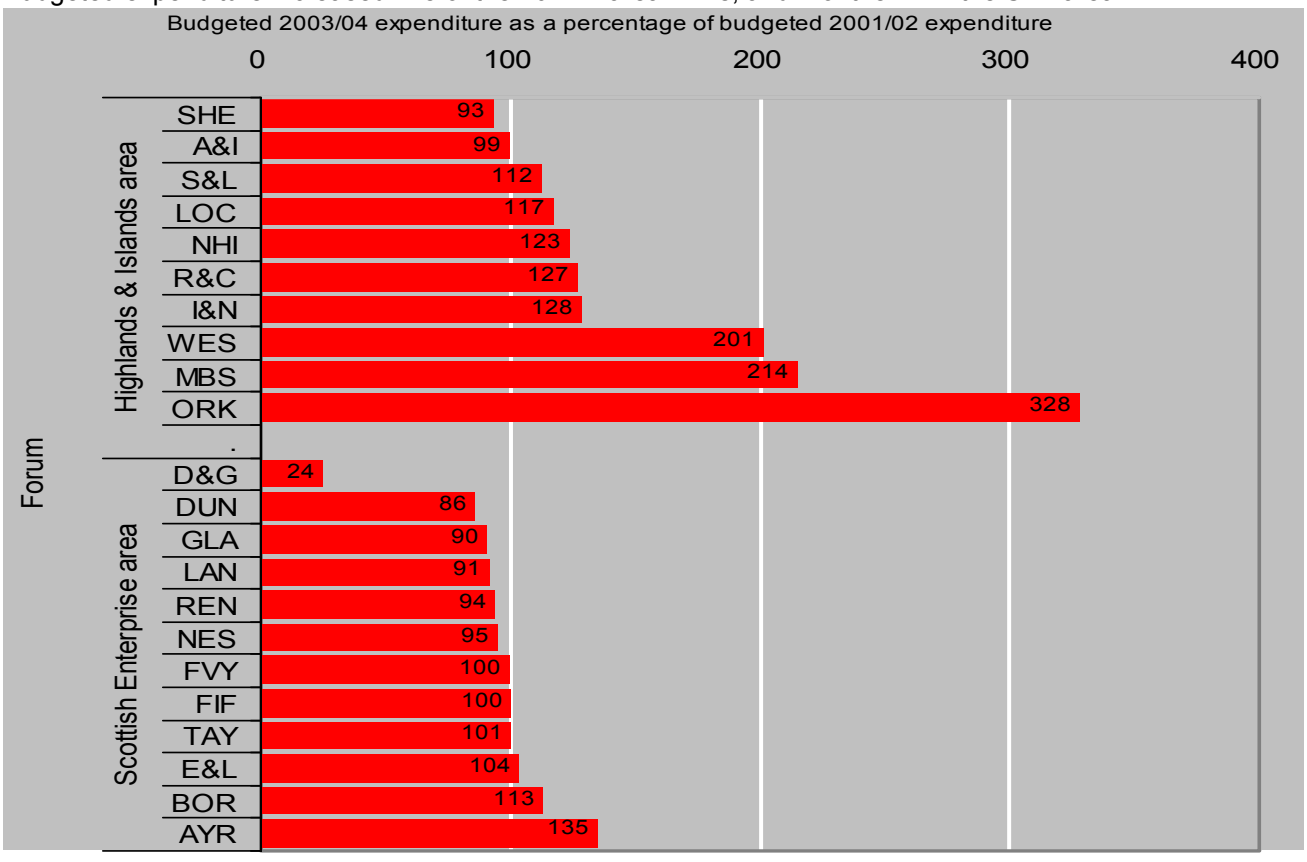
3.2 We estimate that LECs' and local authorities' overall budget for business support services decreased from £125 million overall in 2001/02, LEFs' first full year of operation, to £120 million in 2003/04 – a fall of around 4% (Exhibit 5).

3.3 During the same period, the two enterprise agencies and their LEC networks undertook organisational and budget reviews which led, in many LECs, to progressively reducing budgets. Since LECs are the main provider in all but one LEF area, their changing budgets have had a significant impact on LEFs.

Exhibit 5

Changes in LEFs' budgeted spend on business support services

Budgeted expenditure increased in 8 of the 10 HIE area LEFs, and 4 of the 12 in the SEn area.



Note: Dumfries & Galloway – the baseline year included significant budget uplift relating to dealing with the Foot and Mouth crisis.

Source: Scottish Executive surveys of LEFs' local authority and LEC members' spend.

Resources redirected to other uses

3.4 Our baseline report recorded how of the 22 LEFs across Scotland, 12 forecast that their action plans would free up between £3.3 million and £3.7 million per annum for other uses, representing some 2% of LEFs' local authority and LEC members' spend on business support services.

3.5 Our follow-up examination found evidence that implementing action plans will realise £2.4 million per annum of recurring benefits across 10 LEFs in the SEn area (Exhibit 6).

Exhibit 6

Resources that LEFs in the SEn area have redirected

LEFs in the SEn area forecast that they would realise approximately £3.3 million to £3.7 million. They now expect to deliver recurring annual savings of £2.4 million.

LEF	Forecast (£'000)	Actual (£'000)	How were resources redirected? (£k = £'000)
Ayrshire	20 to 70	49	• by producing a single, electronic business directory
Borders	180	0	• the LEF considers that forecast efficiencies noted in our baseline report were realised before it was formed, and does not expect further savings
Dumfries & Galloway	0	0	• The LEF found no overlap or duplication from which to redirect resources
Dunbartonshire	440	502	• £435k by revising training & development services • £18k by rationalising e-commerce products • £16k from a single business information leaflet • £15k by co-ordinating events management • £12k from proactive contact with businesses • £6k from a joint guide to services
Edinburgh & Lothian	400 to 450	300	• £300k by redirecting funds from the Edinburgh Business Fund and Quest schemes to other economic development projects
Fife	50	15	• by implementing a single Fife Business Newsletter
Forth Valley	300	35	• by rationalising office outlets
Glasgow	800	530	• £300k from rationalisation flowing from the Small Business Gateway, now subsumed within the Business Gateway • £150k from a revised structure to support technology and innovation
Lanarkshire	560	681	• £463k from rationalising arrangements for provision of services to small businesses • £160k from a new contract for the provision of business technology support services • £58k by rationalising business publications
North-East Scotland	200 to 400	108	• £68k by merging four enterprise trusts to one • £40k by redirecting funding in areas of overlap towards more general sector support
Renfrewshire	200	220	• £68k from the merger of 4 Local Enterprise Trust to one outlets • £85k by streamlining support for exports/inward investment • £25k by streamlining e-commerce products and services • £20k from a co-ordinated performance evaluation framework • £20k from shared economic information • £10k from a joint guide to services
Tayside	200	65	• £50k from Business Gateway developments • £15k from introducing the Tayside Business Survey Protocol and Research Library
Total (£m)	**£3,4 m to £3,7 m**	**£2,4 m**	

Source: Audit Scotland research.

3.6 Most gains in the SEn area have arisen from local initiatives, such as better local structures for streamlined service delivery; rationalised literature for businesses, and streamlined training and development services.

3.7 In the HIE area, 9 of the 10 LEFs did not identify potential for redirecting resources in their action plan, mainly because the already dominant role of the LECs in the Highlands & Islands presented less scope for rationalisation than in the SEn area. The exception was the LEF for the Shetlands, which anticipated realising £40,000 by establishing a single entry route for services and business support.

3.8 Our follow-up examination found that all LEFs in the HIE area had considerable difficulty in identifying the financial impact of their action plans. This was largely because Highlands & Island Enterprise found it problematic to compute the impact, at LEC level, of initiatives it managed centrally.

3.9 In February 2001, several months before the formation of LEFs, HIE anticipated that savings of around £600,000 would be generated from a Network-wide, centrally managed review of products and processes. Savings equated to around 1.2% of total expenditure on business support services across the Network, though the proportional potential impact on individual LEFs remains unclear.

3.10 In February 2004, HIE estimated that the implementation of a single, shared electronic Customer Information Database (CiD) across the HIE Network would realise a recurring annual saving of approximately £200,000. Further savings of £175,000 are expected from streamlined process in place for managing applications for public sector assistance. HIE is unable to assess the scale of these savings at LEF level.

The cost of the LEF process

3.11 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. This figure excludes the valuable time that private sector members have contributed to the LEF process and the cost of wider initiatives such as the Business Gateway.

Conclusion

3.12 LEFs have delivered most of the financial benefits expected of them, 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.

Part 4: Partnership working

4.1 This section examines progress LEFs have made in improving partnership working through:

- setting clear roles and responsibilities among LEF members
- aligning LEF operations with the Community Planning process.

Clear roles and responsibilities

4.2 Our baseline report found that LEF members were generally positive about roles and responsibilities. The 2003 follow-up survey of LEF members found further improvement in members' views in some areas, with the proportion of members agreeing that they generally shared a common sense of purpose rising from 73% to 80%, and the proportion agreeing that members generally believed that LEF objectives, targets and milestones were owned by those responsible rising from 60% to 65%.

4.3 However, LEF members were less positive about other aspects of roles and responsibilities. The proportion who considered that LEF structures were fit for purpose fell significantly, from 66% to 53%, and the proportion of members agreeing that LEF partners used appropriate methods and committed resources to meet LEF tasks fell marginally, from 57% to 56% in 2003 (Exhibit 7).

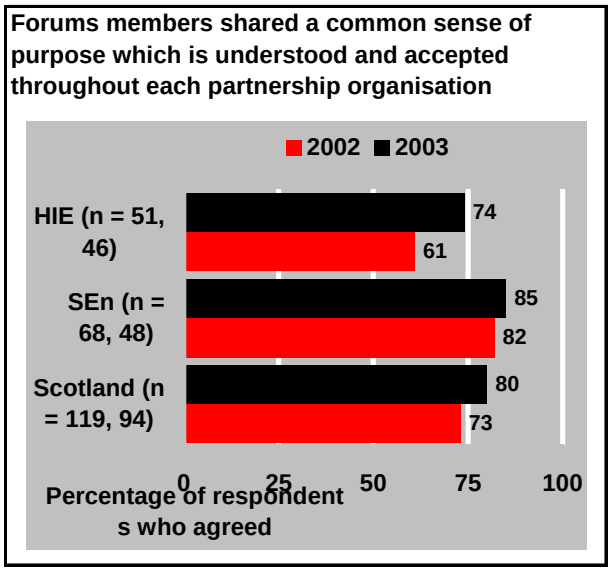
4.4 We supplemented the results of the LEF members' survey by seeking the views of local authority Chief Executives. Twenty-two of the 32 authorities responded, indicating that they were supportive of the LEF process, and believed it had enhanced partnership working and facilitated a common vision for local economic development. In particular, meetings of public sector service providers are seen as helping to clarify roles and responsibilities, promote understanding of each agency's services, and keep members abreast of wider developments.

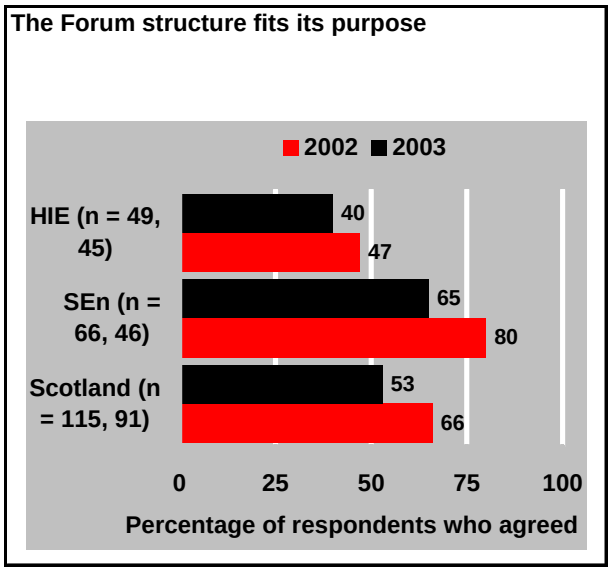
4.5 We also contacted The Federation of Small Businesses and Scottish Chambers of Commerce. Both organisations are strongly supportive of the LEF process. It affords them, as private sector representatives, a mechanism for engaging with public sector service providers at the highest level, and for informing and shaping decisions on service provision.

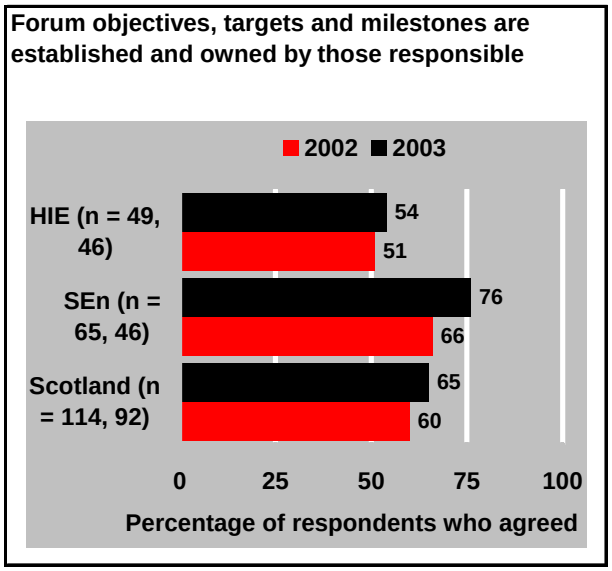
Exhibit 7

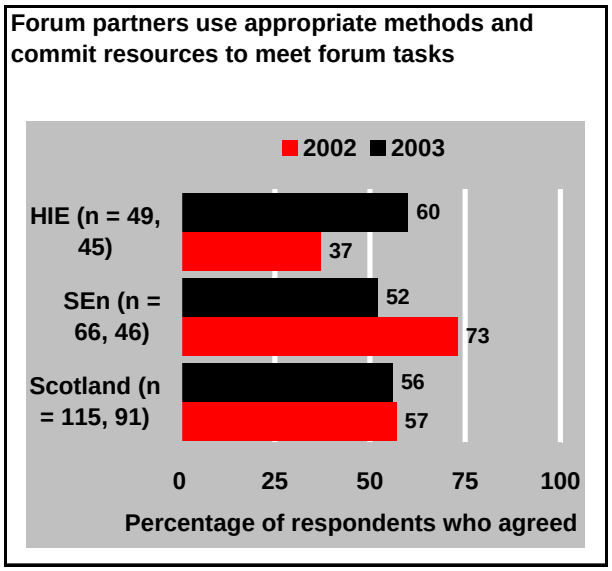
Views of LEF members on their roles and responsibilities

The Executive's surveys indicate that LEF members agreed there had been improvements in some areas, a worsening in others, and differences between LEFs in the SEn and HIE areas.









Source: Scottish Executive surveys of LEF members.

Community Planning

4.6 The national guidelines for LEFs 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*."

4.7 During our follow-up study it became clear that, across Scotland, the strategy developed by a LEF has effectively become the economic development 'leg' of the Community Planning framework. Our only concern lies in the area covered by Highland Council, which relates to six LECs. Here, the relationship between the Council's lead on Community Planning and LEFs' work on promoting economic development appears less advanced than in other parts of Scotland.

4.8 In many areas, the Community Planning and LEF processes have blurred to the extent that LEC and local authority chief executives are now questioning the practicality of purposely retaining two separate, parallel processes. One chief executive encapsulated this in saying: "*I feel that the purpose of forums is not quite so clear now and there is a need to clarify this, and particularly its relationship with community planning and the work under the auspices of the city regions*."

4.9 The Federation of Small Businesses and Scottish Chambers of Commerce both advised us that they were concerned about the impact of Community Planning for LEFs. They felt that local authorities, in leading on Community Planning, could learn from private sector representation on LEFs when consulting on a wide range issues of interest to the business sector, such as adult education and transport. However, the Federation of Small Businesses and the Scottish Chambers of Commerce were concerned about the possible need for them to feed into the LEF and Community Planning processes separately.

Conclusion

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

Part 5: Communication

5.1 This section looks at how effectively LEFs have communicated with the wider community in their area. Performance can be assessed by whether:

- LEFs have mechanisms for consultation and review
- LEFs' communication strategies provide an opportunity for the wider community with an interest to become informed and comment on their work.

5.2 For our follow-up study, we:

- drew on the Executive's surveys of LEF members
- assessed LEFs' progress by meeting them, then writing visit reports
- surveyed local authority chief executives and bodies representing the business sector.

Consultation and review

5.3 Each LEF's action plan included evidence of mechanisms for consultation and review with its local community. The survey of LEF members found that, overall:

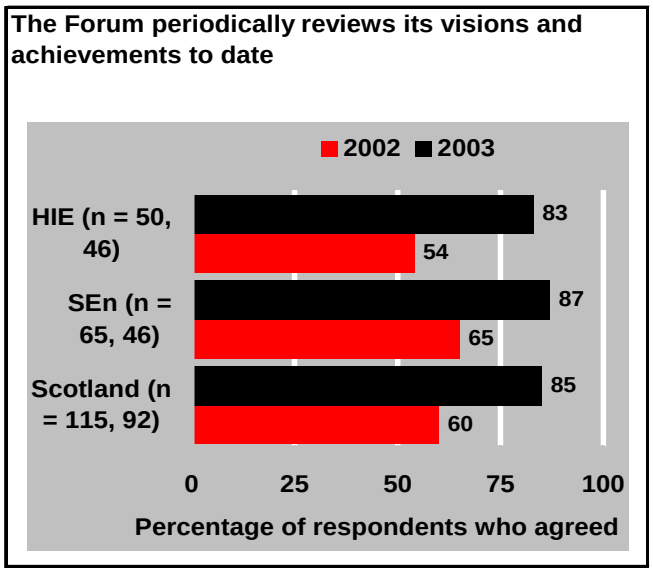
- members generally agreed that their LEF periodically reviews its vision and achievements. Across Scotland, 85% agreed in 2003, compared to 60% in 2001. In 2003, 87% agreed in the SEn area, compared to 83% in HIE
- members considered that LEF partners are receptive to improvements in activities and ways of working. Across Scotland, 73% agreed in 2003, compared to 77% in 2001. In 2003, 72% agreed in the SEn area, compared to 74% in HIE
- members agreed that LEF partners are open to learning from each other and elsewhere – 80% agreed in 2003, compared to 76% in 2001. In 2003, 80% agreed in both the SEn and HIE areas (see Exhibit 8).

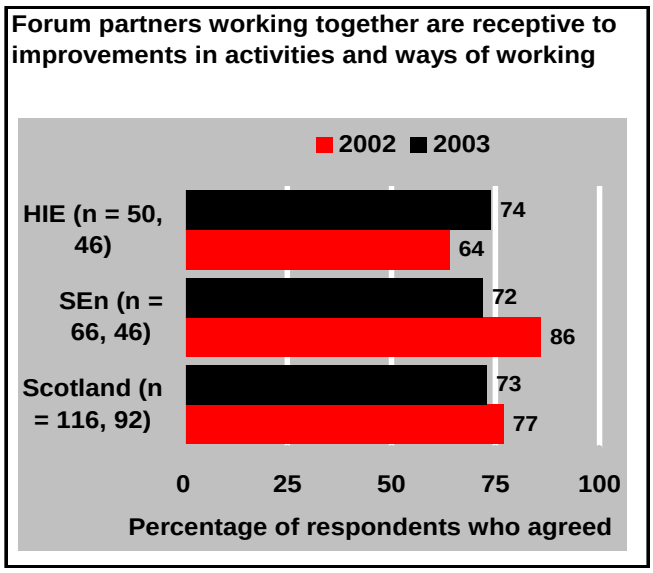
5.4 Business sector representation has helped to inform LEFs' public sector members about business services from the private sector's point of view. But the Scottish Chambers of Commerce and the Federation of Small Businesses consider that there is scope for further improvement.

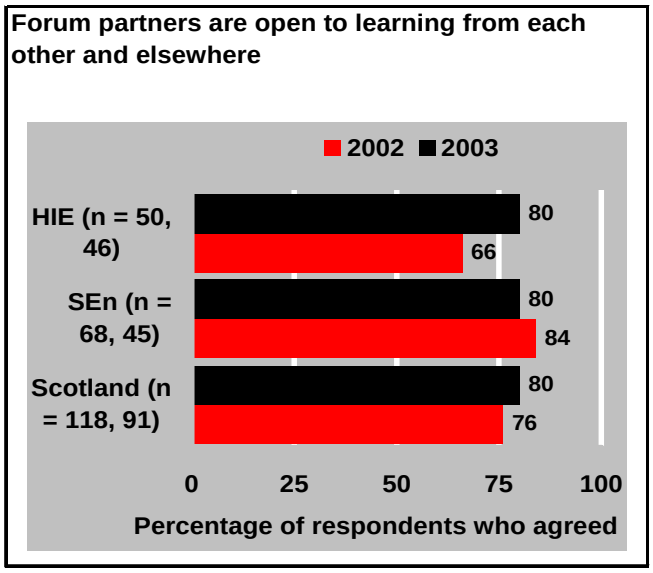
Exhibit 8

Views of LEF members on consultation and review

Across Scotland, around three-quarters or more of LEF members agreed with three survey statements on these issues. LEF members in the HIE and SEn areas held similar views.







Source: Scottish Executive surveys of LEF members.

Local economic development strategy

5.5 In response to guidance from the Executive, each LEF published a local economic development strategy, around April 2003. The Executive's guidance recommended that LEFs reflect national priorities in the national economic development strategy *A Smart, Successful Scotland*.

5.6 Strategies vary widely in depth and scope, from short 'work in progress' documents to ambitious strategies, widely consulted on, and supported by 'SMART[3]' action plans.

[3] SMART = Specific, Measurable, Attainable, Relevant, Timely.

5.7 LEC and local authority chief executives were broadly happy that LEFs had served a useful purpose, but many of them thought that Community Planning had overtaken the LEF process.

5.8 LEFs have planned and conducted their work within LEC boundaries but, in some situations, there may be scope for co-operation across LEC boundaries in pursuit of economies of scale.

Communication

5.9 Twenty-one of the LEF 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 LEF to produce a clearer strategy.

5.10 In 2001, over three-quarters (77%) of LEF members considered LEF communication to be effective and comprehensive. This figure fell to 60% in 2003.

5.11 LEFs have taken a range of steps to improve communication and consultation, such as rationalising publicity material, close involvement of the business sector among the LEF membership, local consultation and survey exercises, road shows, seminars and conferences.

Conclusion

5.12 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 forum partners across Scotland.

Part 6: 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.

Appendix 1

Local economic forums

There are 12 LEFs in the Scottish Enterprise area and 10 in the Highlands & Islands. LEFs span between one and four local authorities. Highland Council straddles six LEFs. Argyll & Bute and North Ayrshire Councils are represented on LEFs in both the Highlands & Islands and Scottish Enterprise areas.

Area	LEF name	Corresponding local authorities
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	**Ayrshire**	East Ayrshire, North Ayrshire, South Ayrshire
	Borders	Scottish Borders
	Dumfries & Galloway	Dumfries & Galloway
	Dunbartonshire	Argyll & Bute, West Dunbartonshire, East Dunbartonshire
	Edinburgh & Lothian	City of Edinburgh, West Lothian, Midlothian, East Lothian
	Fife	Fife
	Forth Valley	Stirling, Clackmannanshire, Falkirk
	Glasgow	Glasgow City
	Lanarkshire	North Lanarkshire, South Lanarkshire
	North East Scotland	Aberdeen City, Aberdeenshire
	Renfrewshire	Inverclyde, Renfrewshire, East Renfrewshire
	Tayside	Angus, Dundee City, Perth & Kinross

Note: the North Highland Forum corresponds to the area of LEC for Caithness & Sutherland, and the North-East Scotland Forum corresponds to the area of Grampian Enterprise, the LEC for Aberdeen and Aberdeenshire.

Source: Scottish Executive Department of Enterprise, Transport and Lifelong Learning.

Appendix 2

Performance Measurement Framework

LEFs' performance is assessed through a performance measurement framework. The Executive developed the framework in consultation with representatives from SEn, HIE, local authorities and LECs, and with advice from Audit Scotland. The framework has been approved by the Ministerial Taskforces.

The framework follows 'balanced scorecard' principles, in which a series of performance indicators are used to monitor performance from four perspectives[4]: impact; resources; partnership working; external processes. Exhibit 3 sets out the performance indicators, which focus on the implementation of the initial priority work for LEFs – to address overlap and duplication in business support services.

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

Scorecard aspect	Performance indicator
Impact	Changes in perception among businesses about overlap and duplication.
Resources	Level of resources which Forums' decisions can influence.
	Money saved and/or transferred to other uses.
Partnership management	Clear statements of roles and responsibilities among Forum members.
	Forums have mapped service provision and assessed 'what works'.
	Forums have addressed overlap and duplication at the local level, on both partnership and service delivery.
	Forums have addressed gaps in the design and delivery of services.
	Action plans have been agreed by Forums.
	Forums have assessed their alignment with the Community Planning process.
How effective are Forums in engaging business and communities in their activities?	Forums have mechanisms for consultation and review.
	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.

[4] Performance Indicator Framework for Forums, Scottish Executive Enterprise and Lifelong Learning Department, July 2001, www.scotland.gov.uk/enterprise/localeconomicforums/pmf.pdf

Appendix 3

Profile of progress made by local economic forums

Progress made by LEFs against their action plan objectives, to the end of 2003, is summarised using the following colour coding:

- **Blue** Work on the action had yet to start, eg where initiation of the action was outwith the LEF's control.

- **Green** The LEF could demonstrate that the action had been accomplished, ie the action was completed or planned milestones had been met and ongoing progress was on target.

- **Amber** Progress was less than intended but the LEF could demonstrate that it had plans to complete the action.

- **Red** Progress was less than intended and the LEF could not demonstrate it had plans to complete the action.

- **Black** The LEF no longer intended to implement the original improvement action.

For example, the LEF for Ayrshire planned a total of 11 actions:

- nine collectively to tackle overlap and duplication, streamline service delivery, address gaps in services, and improve service standards – of these it had accomplished two, had plans to complete five, but no progress was demonstrated against two actions

- one action to improve partnership working – work was ongoing but the LEF demonstrated a plan to complete it

- one action to improve communication – which had been accomplished.

		All forums in Scotland	All forums in the HIE area	All forums in the SEn area	LEFs in the Highlands & Island area										LEFs in the Scottish Enterprise area											
					Argyll & the Islands	Inverness & Nairn	Lochaber	Moray Badenoch & Strathspey	North Highland	Orkney Islands	Ross & Cromarty	Shetland Islands	Skye & Lochalsh	Western Isles	Ayrshire	Borders	Dumfries & Galloway	Dunbartonshire	Edinburgh & Lothian	Fife	Forth Valley	Glasgow	Lanarkshire	North East Scotland	Renfrewshire	Tayside
Overlap and duplication	Black	11	2	9	-	1	-	1	-	-	-	-	-	-	-	1	-	-	-	1	6	-	-	-	-	1
	Red	6	4	2	-	-	-	-	2	2	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-
	Amber	43	20	23	-	3	2	1	1	3	1	3	1	5	3	1	4	-	-	2	7	2	-	-	1	3
	Green	257	80	177	7	5	16	5	7	6	18	6	6	4	3	10	4	30	18	12	23	18	12	21	14	12
	Blue	3	1	2	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	1	-	-
	Total	320	107	213	7	9	18	7	10	11	20	9	7	9	9	12	8	30	18	15	36	20	12	22	15	16
Partnership working	Black	12	-	12	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-
	Red	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amber	16	2	14	-	-	-	-	-	-	-	-	1	1	1	-	1	-	1	1	-	1	-	9	-	-
	Green	56	9	47	-	4	-	-	1	2	1	-	1	-	-	2	-	7	7	4	1	8	2	12	-	4
	Blue	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
	Total	85	11	74	-	4	-	-	1	2	1	-	2	1	1	2	1	7	8	5	1	9	2	34	-	4
Communication	Black	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Red	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amber	5	1	4	-	-	-	-	-	-	-	-	-	1	-	3	-	-	-	1	-	-	-	-	-	-
	Green	42	13	29	2	2	1	-	1	1	1	3	1	1	1	3	4	2	5	-	2	5	4	3	-	-
	Blue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	47	14	33	2	2	1	-	1	1	1	3	1	2	1	6	4	2	5	1	2	5	4	3	-	-
Overall	Black	23	2	21	-	1	-	1	-	-	-	-	-	-	-	1	-	-	-	1	6	-	-	12	-	1
	Red	6	4	2	-	-	-	-	2	2	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-
	Amber	64	23	41	-	3	2	1	1	3	1	3	2	7	4	4	5	-	1	4	7	3	-	9	1	3
	Green	355	102	253	9	11	17	5	9	9	20	9	8	5	4	15	8	39	30	16	26	31	18	36	14	16
	Blue	4	1	3	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	2	-	-
	Total	452	132	320	9	15	19	7	12	14	22	12	10	12	11	20	13	39	31	21	39	34	18	59	15	20

Source: Audit Scotland fieldwork.

Local economic forums

A follow-up report

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