

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: Scottish Parliament Enterprise and Lifelong Learning Committee: inquiry into economic development services in Scotland
From: DIRECTOR OF PLANNING & ENVIRONMENT		
Date: 8 June 2000	Ref: rep707	

1 Purpose of Report

To advise members of the Enterprise and Lifelong Learning Committee's report on the Inquiry into the Delivery of Economic Development Services in Scotland and its implications for local authorities.

2 Background

- 2.1 As members will recall, this Council, in collaboration with South Lanarkshire Council and Scottish Enterprise Lanarkshire (previously Lanarkshire Development Agency), submitted comments to the Enterprise and Lifelong Learning Committee.
- 2.2 Members considered the Enterprise and Lifelong Learning Committee's interim report which was submitted to the Committee on 27 January 2000
- 2.3 Because of its length, a copy of the report as issued this month by the Enterprise and Lifelong Learning Committee has been placed in the Members' Library. However, the Appendix to this report summarises the issues contained in the report. Requests for additional copies of the full report should be directed to the Director of Planning and Environment or the Director of Administration.
- 2.4 Members may also wish to refer to the Enterprise Networks Review report which is also submitted to the Committee on 8 June 2000, to note issues relating to the future delivery of economic development services and this council's comments on future options on the development of the Enterprise Networks.
- 2.5 The key conclusion of the Committee's study is that there are problems of duplication and confusion in the delivery of services provided by a wide and varied range of economic development and training organisations in Scotland. While the successful application of partnership working amongst agencies was commended, it was not considered sufficient to address the need to streamline and rationalise the services.
- 2.6 The major implication for local authorities is the Committee's recommendation that local authorities withdraw from the independent direct provision of business support services (ref. Para. 183 of the report) while maintaining a role in general economic development(ref. Para. 184).
- 2.7 The Committee recommends that a new structure be put in place for local economic development, with local economic forums introduced in each Local Enterprise Company area, comprising local economic development players (some of these players would be new in the Lanarkshire context). The new forums would operate within a national strategic framework to be set by the Scottish Executive.

- 2.8 The Committee recommends that the forums develop and implement action plans with measurable outcomes established by the Scottish Executive. The local economic development plans thus developed would then comprise the economic element of local Community Plans.
- 2.9 It should be noted that these local economic development plans do not necessarily require to be developed from scratch; the report acknowledges the existence of partnership plans and strategies that could serve as the basis of the plans for the new economic forums.
- 2.10 It should also be noted that the Committee recommends that publicly funded organisations that do not participate effectively in this process be penalised.
- 2.11 Members may wish to note that discussions with the Council's existing partners in economic development are underway to analyse and consider further the implications of the report and the options for future action in Lanarkshire.

3 Recommendation

Members are asked to note this report.



David M Porch
Director of Planning and Environment

For further information contact Teresa Lavery, Senior Economic Development Officer (Project Development) 01236 616267
16 May 2000



**Enterprise and Lifelong Learning
Committee**

Summary of Final Conclusions

Current Situation - 1,2,3

- ⊗ **Congestion, confusion, overlap, duplication**
- ⊗ **Progress in co-operation, partnership - good practice to influence elsewhere**
- ⊗ **Ptnship will not deliver rationalisation of services, cost effectiveness, etc. Local economic development services should be restructured to achieve this.**

New Local Economic Development Structure - 4.14

Scottish Executive

- ⊗ Executive take the lead in guaranteeing simpler, more cohesive structure - penalties**
- ⊗ Executive withdraw from programmes - strategic guidance, targets, VFM, reporting and evaluation and promoting good practice.**
- ⊗ Fully developed Economic Framework for Scotland - setting out contributions expected from local orgs in economic dev.**

New Local Economic Development Structure

Scottish Enterprise and H&I Enterprise

- **SE and HIE should concentrate on managing the Network and setting strategic targets, as well as introducing core standards and operational targets for LEC activities**

Local Economic Forums

- **Forum for each LEC area - minimum membership Local Authorities, LEC, CoC, ATB, Higher and Further education**
- **Forum to create a strategy for the area - expected contribution to Economic Framework for Scotland and how it will achieve the measurable outputs set by the executive.**

Strategy must include

- ⊗ **The definition of lead agencies and the unambiguous delineation of their areas of responsibility and how duplication in the provision of services will be eliminated.**
- ⊗ **Goals for 3 yrs - new business starts, support for small businesses, key local industries, skills training**
- ⊗ **Clear division of labour - VFM and transparency**
- ⊗ **Process of eradicating duplication crucial - penalties and audit (Audit Scotland)**

Common Small Business Support Service

- **Merge the services of existing providers and market clearly through nationally branded service**
- **Executive to initiate process of introduction**
- **Service must be inclusive - merging bus.support services of LECs, LA's, Ent Trusts**
- **As part of process, Enterprise Trusts should be merged into LECs**

LECS

- ⊗ **Should significantly change their character**
- ⊗ **Status from private cos to public bodies**
- ⊗ **Open up boards to other non bus. Members**
- ⊗ **Increase level of transparency**
- ⊗ **Consider intro of membership systems**
- ⊗ **Enterprise Ombudsman should be appointed to investigate complaints about Enterprise Network**

Tourism (15-17)

- ⊗ **Development of tourism and ATBs should be firmly integrated into mainstream local economic development**
- ⊗ **ATBs should become mandatory members of local economic forums**
- ⊗ **Each Forums strategy should include tourism element, linked to national strategy**
- ⊗ **Resources dedicated by each ptn to tourism**
- ⊗ **Monitor effectiveness - consider further structural changes**

Economic Framework for Scotland (18,19)

- **Currently underway**
- **Should incorporate a vision for the future of Scottish economy, cover both conventional economic development and lifelong learning, an anchorage for initiatives announced by executive and a framework for organisations operating in economic development**

Business Support Services 20-25

- ⊗ Account management system applied and integrated between providers**
- ⊗ Should be mandatory to share info to promote account mangm (confidentiality)**
- ⊗ Scope for providing greater level of advisory support to start ups and more of them**
- ⊗ Should be longer term and based on deve. Cos own development capacity**

- ⊗ **Reasonable to target particular sectors or businesses (growth) but must be transparent**
- ⊗ **Need a new model of support and a new breed of business advisor to accommodate the different needs of new techn.cos**
- ⊗ **Urgent need for better trg of business advisors and accreditation system tiered**
- ⊗ **Executive should take lead in bring together prof. Assoc. and education to develop common system of accreditation**

Lifelong Learning 26-32

- **Congested - requires more co-ordination and leadership, less competition**
- **Lec training progs - frameworks too rigid, volume driven, focus on easily meas outputs**
- **Scope for more flexibility based on local labour markets and information**
- **Executive should lead promotion of workplace learning and extend to smaller companies**

Information

- ⊗ **Consistent measurement, benchmarked globally**
- ⊗ **Executive to ensure independent monitoring of all agencies linked to comm planning**
- ⊗ **Ensure a consistent level of relevant economic data available locally**
- ⊗ **Ensure that economic data is shared**