

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE - 13 FEBRUARY 2001

GUIDELINES FOR THE OPERATION OF ECONOMIC FORUMS – SCOTTISH EXECUTIVE CONSULTATION REPORT

Report by Director of Development Services

1 PURPOSE OF REPORT

- 1.1** To advise the Committee of observations submitted to the Scottish Executive on their consultation report on Guidelines for the Operation of Economic Forums.

2 BACKGROUND

- 2.1** Previous reports to the Committee have summarised the Government's Framework for Economic Development for Scotland, published last year. This Framework sets out a broad agenda for Scottish Executive policies and programmes to support economic development. It introduces an explicit regional policy dimension, aimed at assisting areas such as East Ayrshire with relatively high levels of unemployment to participate fully in the economic growth currently being experienced Scotland as a whole.
- 2.2** In the Framework the Scottish Executive proposed to establish local Economic Forums to draw together key local organisations within the National Framework for Economic Development.
- 2.3** The composition of these local Forums, as proposed by the Scottish Executive, would include as core members the local authorities, the local enterprise company, business representatives, the area tourist board and representatives of the learning sector. Within Ayrshire there is already a well established Economic Forum which currently includes representatives from all these sectors, apart from the learning sector. The AEF also includes representations from the STUC. Economic Forums also exist, with a similar composition and role to that of the AEF, in other parts of Scotland. The Scottish Executive would expect these Forums to adapt their current arrangements to be consistent with the National Guidelines – although they may retain functions and members not envisaged within the Guidelines.

3 KEY PROPOSALS

- 3.1** The Executive's summary of the key features of the proposed Forums is attached.

3.2 The guidelines also contain a number of more specific proposals in relation to the organisations of Forums:

- In Ayrshire they would expect the core membership of the Forum to be limited to 12 organisations, including each local authority
- The Forums should be co-terminus with LEC boundaries
- LECs should be involved in setting up and servicing the Forums
- The core group should establish mechanisms for involving a wider range of organisations
- A ministerial task force will be set up to take an over-view of the activities of the Forums (this will be supported by a central support unit)

3.3 In order to ensure that the Forums play an effective role in supporting economic development within the National Framework it is proposed to assign specific tasks. In the first year it is suggested that the Forums should be asked to review the networks of business support organisations within their areas and draw up proposals for improving their effectiveness if required. In future years it is envisaged that the Forums might be asked to tackle issues relating to skills training, trade and tourism services.

4 OBSERVATIONS ON PROPOSALS

4.1 Discussions have taken place between the Officers supporting the Ayrshire Economic Forum on a collective response. These observations are attached. In the time available it has not been possible to arrange a full meeting of the Forum to consider these proposals. It is suggested, however, that each participating organisations should consider observations based on these proposals. It is, therefore, proposed that the Council should endorse these proposals as its observations.

4.2 The most significant observation is that the Executive's view of the Forums as "troubleshooting" organisations set up to reorganise local delivery programmes for aspects of economic development is too limited a vision. The preamble to the proposed observations asks the Executive to recognise the role of Forums in developing an integrated economic development strategy for their areas. This has been the primary function of the AEF. It has resulted in some successes including additional funding allocations for the "Programme for Jobs", support for infrastructure improvements which has brought commitments to upgrading the A78 and construction of the M77, and preparation of an Economic Development Strategy to underpin the Ayrshire Structure Plan which in turn has brought support for the development of strategic sites within Ayrshire. It is also clear that the other sectors involved, particularly the business sector through the Ayrshire

Chamber of Commerce value their direct involvement in the development and steering of local economic strategy.

- 4.3** Furthermore, whilst there would be value in conducting a review across Ayrshire of local business support organisations as proposed by the Executive it is not clear that there are major issues of duplication or inefficiencies. Broadly speaking a two-tier system is in operation. One tier is made up of local organisations such as the East Ayrshire Business Partnership which provides support for small companies and new start ups. These are complemented by the Ayrshire New Venture Centre, based in Irvine, which provides more intensive support to new start companies which are projected to have a high level of impact both in turnover and employment terms within the first year of establishment. Grant and loan schemes operate similarly at local and Ayrshire levels. There is significant networking between these various organisations.
- 4.4** Apart from the central issue of the role of Forums in developing economic strategies the suggested observations endorse much of the proposed guidelines. They would require the AEF to adapt its current arrangements to some extent, but not fundamentally. The most significant development would be the inclusion of representatives of the learning sector. This is entirely consistent with the AEF's current focus and format.

5 FINANCIAL AND LEGAL IMPLICATIONS

- 5.1** There are no direct financial or legal implications.

6 RECOMMENDATIONS

- 6.1** It is recommended that the Committee endorse the observations attached to this report on the Scottish Executive's Draft Guidelines for the Operation of Economic Forums.

Stephen Chorley
Director of Development Services
29 January 2001
SC/JR

BACKGROUND PAPERS

Nil

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EXTRACT FROM CONSULTATION REPORT

KEY MESSAGES

- **Forums should agree a shared vision and action plan to achieve greater value for the considerable sums of public money spent on economic development.**
- **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 10 with wider consultative mechanisms.**
- **Forums will lead a process of evaluating “what works” for streamlining existing delivery processes and partnership structures.**
- **Key tasks will be set on an annual basis. The initial task 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 re-design process.**
- **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.**

AGENDA