

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE: 5 SEPTEMBER 2000

ECONOMIC DEVELOPMENT ORGANISATIONS

Report by Director of Development Services

1 PURPOSE OF REPORT

- 1.1 To inform the Committee of national reviews taking place that will affect the future delivery of economic development services within East Ayrshire and the economic development organisations charged with their delivery.

2 BACKGROUND

- 2.1 There are four reviews of different aspects of economic development delivery organisations that have either taken place or are currently in hand. These reviews, commissioned by the Scottish Executive, cover:

- The Scottish Parliament Enterprise and Lifelong Learning Committee report on "the Delivery of Local Economic Development Services in Scotland;"
- The Enterprise Network;
- Small business advice;
- Tourism.

The Executives conclusions following these reviews, and subsequent action, will be set within the context of the Framework for Economic Development, which was reported to the Committee's last meeting.

3 PROGRESS TO DATE

3.1 The Scottish Parliament's Review

- 3.1.1 The Enterprise and Lifelong Learning Committee arrived at 37 "final conclusions", following a detailed examination of the performance of local enterprise companies, local authorities, chambers of commerce, enterprise trusts, training providers, further education colleges and ad hoc agencies.

- 3.1.2 The following highlights some of the key findings:

- There is congestion, confusion, overlap, duplication and even active competition between the many agencies involved.
- Examples of good practice exist at the local level, which can be recommended as models to influence development elsewhere in Scotland.

- The Scottish Executive should withdraw from operational programmes and concentrate on strategic guidance, setting targets, ensuring value for money, promoting good practice, and reporting and evaluation.
- An economic forum should be introduced for all areas, tasked with defining the roles and responsibilities of each agency within its area, and with the production of a three year economic development strategy.
- Local enterprise companies should be significantly changed in character, (see 3.2 below).
- Tourist boards should be integrated into mainstream economic development through mandatory membership of the local economic forum.
- Business support services should be provided through a system of account management.
- Small business advice should be provided through Small Business Gateway, a nationally badged one door approach to rationalising the range of delivery mechanisms available throughout the country.
- There is scope for more flexibility in locally delivered training, based on local market circumstances.
- The Executive should ensure independent monitoring of all agencies' performance.

3.2 The Enterprise Network

3.2.1 A report has been produced containing the Scottish Executive's interim conclusions. They include:

- There are problems with relationships, delivery, and customer focus within Scottish Enterprise and the LEC Network.
- There are costly and complex internal functions.
- New policy making systems and structures are needed.
- The Network should focus its services on increasing the rate of productivity growth in the economy, stimulating the competitiveness of enterprises, promoting the development of human capital, and assisting in breaking down the barriers to social and regional development.
- In accepting that local enterprise companies need to become "better partners", the status of LECs as companies limited by guarantee will be removed.
- Significant confusion and overlap exists in the delivery of economic development activities.
- Local Economic Forums will be introduced throughout the country to co-ordinate the delivery of all activities.

3.2.2 Locally, the key organisational outcome of the review of the Enterprise Network is the establishment of economic forums as the mechanism for delivering co-

ordinated economic development services.

3.3 Small Business Support Services

3.3.1 In response to the Enterprise and Lifelong Learning report with reference to small business support services, the Scottish Executive has accepted its findings, and produced a template against which the services should be delivered in the future. The Minister for Enterprise and Lifelong Learning launched the new service last month, highlighting the following points:

- The quality of advice, information and assistance is uneven throughout the country.
- Small businesses require nationally consistent and locally flexible services.
- Improvements in the training and accreditation of business advisers are urgently needed.
- The new access point will be through the Small Business Gateway. This will bring together all support services for small companies provided by the network and its partner organisations. They will be grouped under a single nationally recognised brand, and will allow access by telephone, face to face, or via the Internet.

3.3.2 At a local level, East Ayrshire Council contributes to the delivery of services to small businesses through the East Ayrshire Business Partnership. It currently meets the requirements of the review so far as delineation of services is concerned. Discussions are ongoing with reference to incorporating "Small Business Gateway" in marketing and promotional literature, and the Partnership will shortly be linked to a regional clearing house for enquiries from small businesses. There have been no discussions as yet as far as merging with the local enterprise company is concerned. Work is needed to be done on links to the recently designed national website.

3.4 Tourism

3.4.1 Tourism is mentioned in passing in the Enterprise Network Review document. However, the action identified is simply to "strengthen the delivery of tourism support". The Chairman of the Tourist Board has been asked to examine the operational fit between the current organisation and the strategic objectives contained in the recently completed "Strategy for Tourism".

3.4.2 The organisational review of the Tourist Board network, and its impact on local delivery, will be awaited with interest.

3.5 Timetable

A timetable of completion dates for the key milestones in implementing the recommendations from the above reviews is set out in Annex A.

4 THE LOCAL ORGANISATIONAL FRAMEWORK

4.1 The four reviews discussed above have implications for local economic

development organisations throughout the country. As has been mentioned above, local economic forums will assume a key role in the delivery of services throughout the area.

4.2 East Ayrshire Council is already a member of the Ayrshire Economic Forum. The original remit of the forum, agreed in June 1996, was to:

- identify, on an annual basis, key issues for the Ayrshire economy;
- propose action to progress these issues and monitor progress;
- provide a strong and effective lobby on economic issues on behalf of the whole of Ayrshire.

4.3 The Forum comprises East, North, and South Ayrshire Councils, Scottish Enterprise Ayrshire, Ayrshire Chamber of Commerce, Ayrshire and Arran Tourist Board, and the Scottish Trade Union Council. It has been agreed to extend membership to further and higher educational establishments operating in the area.

4.4 In order that the forum assumes the responsibilities as described in the Network review, and enhances the delivery of economic development services in the area, changes will be required in its terms of reference, the membership and structure of the organisation, and the systems and procedures employed. These changes are being considered by the Forum members.

5 LEGAL IMPLICATIONS

5.1 There are no immediate legal implications.

6 RECOMMENDATION

6.1 It is recommended that the Committee note that further reports on Ayrshire Economic Forum, small business service delivery, and tourist organisations will be presented in due course.

Stephen Chorley
Director of Development Services

14 August 2000
SC/JF

BACKGROUND PAPERS

Nil

For further information on the contents of this report contact Robert Paton, Head of Economic Development, on 01563 576244.

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ECONOMIC DEVELOPMENT REVIEWS

TIMETABLE

REVIEW AREA	DATE
ENTERPRISE NETWORK	
Develop Strategy for Enterprise (Enterprise Network, Tourist Board, Funding Councils)	Immediate
Implement preparation of national guidelines on Local Economic Forums (Scottish Executive)	Immediate
Initiate review of red-tape in the Enterprise Network (Scottish Executive)	Immediate
Respond to the Enterprise and Lifelong Learning Committee's report on Local Economic Development (Swinney Committee)	September
Issue draft guidelines on Local Economic Forums (Scottish Executive)	September
Host conference on economic development (Scottish Executive)	October
Issue national guidelines on Local Economic Forums (Scottish Executive)	November
Issue strategy document (Scottish Executive)	December
SMALL BUSINESS GATEWAY	
Launch of Business Information - via website and single telephone number	Immediate
Launch of Business Growth Scheme	Immediate
Launch of Business Start-Ups	1 September
Launch of High Growth Start-Up	2 October
TOURISM	
Develop operational strategy for delivering "Strategy for Tourism" (Chairman of the Scottish Tourist Board)	December
FRAMEWORK FOR ECONOMIC DEVELOPMENT - "THE WAY FORWARD"	
Produce range of operational policy papers	Ongoing

AGENDA
