



Scottish Local Authorities' Economic Development Improvement Guide

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Preface

A robust, thriving and diverse economy is of vital importance for all of Scotland's communities. A strong local economy also provides an important building block for achieving a wider range of desirable social and environmental outcomes. Local Authorities, together with their partners in the public, private and third sectors, can play an important role in helping to create the right conditions for economic success.

In addition to their role as major employers and procurers of services, Local Authorities lead on the delivery of critical functions, such as planning, licensing, education, local transportation infrastructure and local regeneration. The effective, joined-up delivery of these services can have a major positive impact on the operation of the local economy.

The Economic Development Improvement Guide has been produced jointly by SLAED, the Improvement Service and the Scottish Government. Whilst it focuses primarily on the economic development role of Councils, the Guide also reflects the fact that successful economic development requires effective partnership working. In this regard, a wider range of economic development partners has also been involved in helping to shape the content of the Guide.

The Guide itself provides a practical toolkit, which encourages Councils to 'raise the bar' in economic development by critically reviewing their activities, sharing good practice and identifying areas for improvement. In this way, the key focus of the Guide is on working with Councils and their partners to achieve greater and more sustainable economic impact.

As signatories to this document, we commend the Economic Development Improvement Guide and encourage Scotland's Local Authorities and the full range of partner organisations to work together in order to maximise the positive impact that they have on Scotland's economy.



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1. Introduction

The Scottish Local Authorities Economic Development Group (SLAED) commissioned this Improvement Guide. The Guide has been produced by the Improvement Service and the work has been funded by the Scottish Government.

1.1 Purpose of the Guide

The Improvement Guide has been designed for use by Local Authority Economic Development services. Its purpose is to help Councils:

1. exchange good practice and promote collaborative working;
2. assess their overall performance in delivering economic development;
3. benchmark that performance relative to comparable Councils; and
4. identify practical improvement actions that will help to strengthen their performance and overall impact.

1.2 Benefits of the Guide

At a time of significant resource challenge across the public sector, there is a need for all services to achieve excellent value for money by delivering high quality and

sustainable outcomes in an efficient and effective manner. Arguably, the Economic Development function within Local Authorities may be particularly vulnerable to cuts given its non-statutory status. However, it is also the case that effective economic development can impact positively on a wide range of priority outcomes that matter to Councils, their partners and their communities. For instance, assisting unemployed residents into the labour market can impact positively not only in economic terms, but also potentially in terms of improving health outcomes for those residents, reducing crime levels and strengthening the wider social fabric of communities.

Indeed, the achievement of economic outcomes is increasingly seen as a fundamental lynchpin, which can both impact positively on a wide range of priorities and, at the same time, significantly reduce the need for resources to be spent on dealing with negative consequences. In short, effective economic development interventions can avoid the need for downstream spend across a range of public services. At its best, effective economic development can provide an excellent example of the type of early and preventative intervention that can both lead to more sustainable outcomes and reduce overall costs for the public sector. This is a key argument for supporting Local Authorities' continued investment in economic

development. But making a robust case for such investment also requires Economic Development services to demonstrate their effectiveness by continuously refining their activities and improving their impact.

Changes introduced in 2008 significantly extended the role that Scottish Local Authorities play in relation to economic development. These changes included Councils assuming lead responsibility for local regeneration and Business Gateway. Similarly, the development of Single Outcome Agreements (SOAs) has served to further highlight the increasingly high profile of economic development, with all 32 Community Planning Partnerships (CPPs) prioritising economic outcomes within their SOAs. The lead partner role undertaken by Local Authorities in relation to both SOAs and CPPs underlines the need for effective Local Authority leadership in this important area.

In the current climate, the challenge for Councils is to undertake thoughtful, innovative, ambitious and effective economic development, which genuinely 'adds value' for communities. Economic Development services need to prioritise and focus their efforts in areas where they will have the biggest impact. This is likely to require utilising the full economic potential of the Local Authority as a corporate entity. This includes the Council's planning, licensing and service delivery role, its role as a major employer, its role as a procurer of services and its civic leadership/place-making role. It also requires the Council to set in place effective working relationships with a wider range of partners and stakeholders from across the public, private and third sectors.

Economic development has the potential to play a critical role in achieving a range of priority outcomes. This Guide is intended to help Councils 'raise the bar' by encouraging them to review their activities, share good practice, identify areas for improvement and, ultimately, achieve greater economic impact.

It is intended that the Guide will generate

tangible benefits and improvements for the Economic Development service, the Council, the wider partnership, the local area and the economy.

1.3 How to Use the Guide

Introduction

The Improvement Guide considers each of the key components required for effective economic development. The document includes illustrations of good practice case studies and linkages to more detailed documents and resources.

The Guide also includes a series of diagnostic questions covering each of the key aspects essential for achieving effective economic development. These questions are designed to help economic development practitioners self-assess their current activities/performance and identify areas for improvement.

It is recognised that there is considerable variation in Local Authority economic development services, ranging from relatively large operations, with considerable resources and a diverse portfolio of activities, to small services with limited functions. The Improvement Guide can be utilised across the different types of service and applied in a flexible and proportionate manner.

A self-assessment review can focus on one particular aspect of economic development, such as 'Developing an Economic Profile' or 'Developing an Economic Strategy'. Alternatively, the totality of the economic development service's activities and performance can be reviewed by working through the whole Guide.

With either approach, the emphasis ought always to be on identifying practical improvement actions, which will lead to improved effectiveness and impact.

In this way, the Guide is intended to act as a support tool to help drive improvements and

strengthen strategies, interventions, services and partnerships.

Linkages to PSIF

The Local Authorities' Economic Development Improvement Guide has been designed to be fully compatible with the Public Service Improvement Framework (PSIF), which the majority of Scottish Councils have adopted. A separate, complementary PSIF Facilitators' Guide has been developed and will be made available to those Councils that have signed-up to PSIF. This includes the embedding of the various checklists contained within this document within the PSIF Facilitators' Guide. At the same time, the Improvement Guide itself has been designed in such a way that it can also be usefully applied by non-PSIF Councils.

Facilitation of Reviews

Reviews - either of the whole economic development service or elements of it - ultimately ought to be focused on achieving improvements that will lead to enhanced economic impact. In using the Guide to undertake a review, there are a range of options. Reviews may be carried out in-house or they may be facilitated by someone who is independent of the economic development service. There are pros and cons with each approach. Using senior Council staff to facilitate the review can bring a number of

benefits, including the likelihood of them assuming greater direct ownership of the process and its outputs. Use of an independent facilitator, on the other hand, can also bring a range of benefits. An independent review does not necessarily require to be facilitated by someone who has specialist knowledge of the economic development subject matter, as that expertise should already lie with the review participants. It is, however, important that a facilitator who has good general facilitation skills is selected. Having an independent facilitator could help to ensure objectivity in structuring and conducting the review. It will also have the benefit of freeing up economic development practitioners in order to allow them to engage fully as active participants in the review. Regardless of whether facilitation of a review is led in-house or by an external partner, including input to the review from the Council Chief Executive and Elected Members is also likely to be helpful, reflecting the importance of economic development.

In order for the review to be rigorous, meaningful and well conducted, the skillset of a facilitator will ideally include:

- ability to quickly analyse information and summarise key points for discussion;
- willingness to take on the role of advocate of stakeholders and partners;
- willingness to challenge accepted views;
- knowledge of wider operational context



and the role that the Service plays in achieving outcomes; and

- confidence in leading and enabling teams towards consensus.

An independent facilitator does not, of course, require to be a paid external consultant. Suitably experienced colleagues from a corporate support team, from another Community Planning Partnership theme group or from a partner organisation may have the requisite skills and experience.

Peer Review

The Guide can also be applied within the context of a peer review, whereby external parties are invited to assist in participating in the review. This may include fellow professional economic development staff from neighbouring Local Authorities or partner agencies. There are various pros and cons to this approach. The presence of external stakeholders may, for example, serve to inhibit open and frank discussion - although this is less likely to be the case if a decision has been taken to invite such input.

A peer review may include invitations to participate being extended, for example, to key national, regional and local partners, such as Scottish Enterprise, Visit Scotland and the local Chamber of Commerce.

Potential benefits of external input may include:

- changing the group dynamic;
- introducing a fresh perspective;
- facilitating exchange of good practice;
- strengthening partnership working and understanding; and
- simply just highlighting different ways of doing things.

Agreeing the approach to undertaking the review will be important, in terms of

establishing the 'ground rules', including who should be involved, commitment required, timescales, etc. Other key considerations relate to the spirit in which a review is undertaken, for example, ensuring it is conducted in a transparent, constructive and non-adversarial manner.

The Improvement Service has developed a Peer Review Framework, which can be applied in a wide range of contexts. Further information on this is available from www.improvementservice.org.uk/peer-review-framework/

Focus of Self-Assessment and Improvement Reviews

The Guide has been designed to assist Local Authority economic development professionals review the economic development service operated by the Council. However, it is recognised that a large proportion of economic development activities take place within a partnership context. It may, therefore, be appropriate for a self-assessment review to be undertaken by a partnership group. In this respect, the Guide is designed to be applied flexibly and in a variety of ways. Due to the prevalence and importance of partnership working in economic development, the Guide itself includes a section on effective economic development partnerships.

A review could, in theory, be conducted by a single individual, applying the diagnostic checklist statements to assess performance and identify areas for improvement. Generally, however, greater benefit will be derived by engaging a range of individuals in order to encourage an array of different views and perspectives, to spark discussion and to build consensus regarding areas for improvement.

Typically, a review would involve senior leaders and members of the economic development management team. The views of Elected Members involved in the Economic Development Committee (or equivalent)

may also be sought as part of a review. As well as senior involvement, reviews generally tend to benefit from having a range of inputs, including from colleagues working at middle and junior levels within an economic development service. Seeking a range of views and perspectives will generally tend to improve the robustness and comprehensiveness of the review and increase the likelihood of identifying creative solutions and improvement actions. Where there is a particularly strong element of partnership working, the self-assessment and improvement review may more appropriately be carried out by the wider economic development partnership, rather than just involve Local Authority staff.

As well as seeking input from a range of stakeholders, it is vital that reviews are evidence-based. More detail on this is included in later sections, but it would typically include consideration of statistical trends, research evidence and evaluation studies. Importantly, it is vital that any review is underpinned by a clear analysis and interpretation of what the evidence actually means and how it can best be applied.

The timing, frequency and scope of reviews should be agreed in advance by key stakeholders. In undertaking a review, it is also important that a clear basis for reporting and accountability has been established. At the outset, the review process and timescale should be agreed with relevant stakeholders, including clarity on the governance arrangements, responsibility for driving the review and the reporting and decision-making arrangements.

Benchmarking Self-Assessment Reviews

The PSIF incorporates a tried and tested, holistic approach to scoring, assessment and benchmarking, which has evolved over a number of years. For non-PSIF Councils that use alternative approaches, such as 'How Good is my Council', one option would be to map the checklist self-assessment questions set out within this document into

their preferred framework. Alternatively, the checklists and good practice case studies can simply be utilised as stand-alone guides to help practitioners assess their Council's economic development performance. With the latter approach, in particular, there will be a need to ensure an appropriate depth and breadth of consideration is given to the issues, rather than it being treated as a 'tick box' exercise.

It is worth re-iterating, therefore, that regardless of the scoring/benchmarking system applied, the key focus ought to be on identifying improvement actions that will assist the Economic Development Service to enhance its effectiveness and impact.

1.4 Summary

This introductory section has:

- set out the context and purpose of the Local Authority Economic Development Improvement Guide;
- summarised how the Guide can be used; and
- outlined the key benefits that the Guide can help to deliver.



2. Key Components of Effective Economic Development

This section deals with the key components of economic development, covering:

- the role of Local Authority economic development;
- developing an economic profile;
- developing an economic strategy;
- reviewing economic development partnerships;
- appraising economic development Interventions;
- implementation of economic development support; and

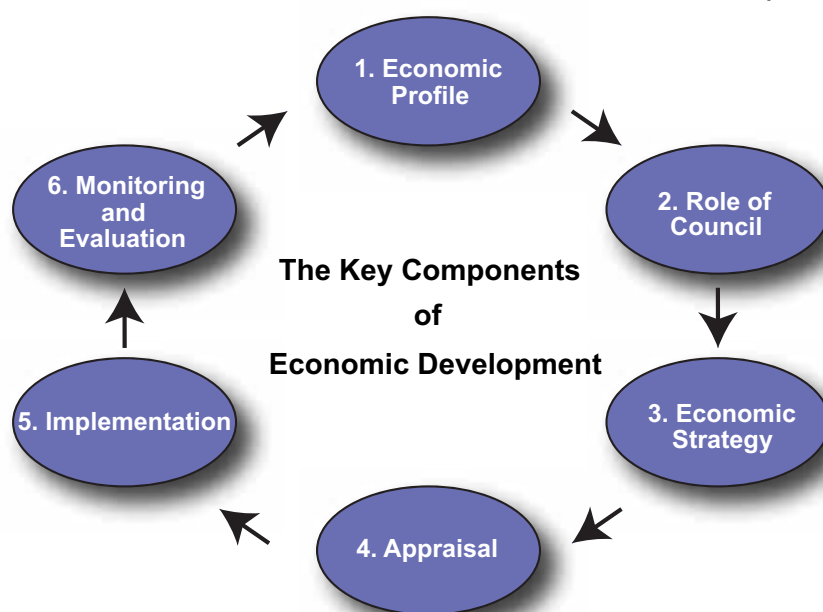
- monitoring and evaluation.

The section includes an introduction/overview of each component, as well as case study examples, links to further information and self-assessment checklists.

Key Components of Economic Development

The diagram below illustrates a number of key components of economic development:

1. Review evidence base/develop an Economic Profile.
2. Consider the role of the local authority in economic development (including vis a vis



other partners).

3. Develop an Economic Strategy.
4. Appraise/consider potential interventions that will deliver the Economic Strategy objectives.
5. Implement the Economic Strategy using a range of interventions.
6. Monitor and evaluate progress of delivery/achievement of the key outcomes that the strategy/interventions are designed to attain. (Subsequently, apply this information to further improve understanding of role/strategy/design of interventions).

Each of these components is considered within this section of the Guide.

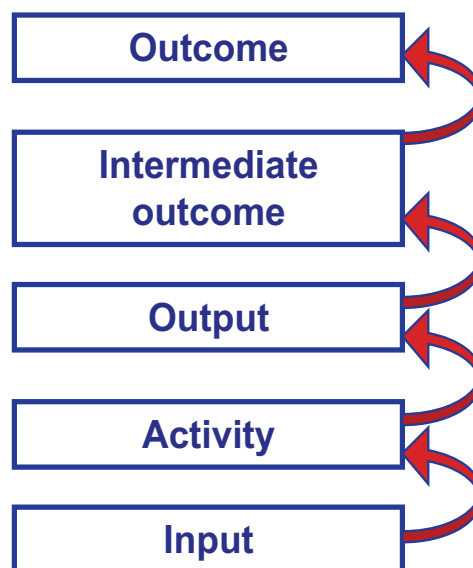
2.1 Outcomes

Having clarity about the intended ‘outcomes’ is a key consideration. Essentially, this focuses on the question of ‘what difference the Council (and partners) is actually seeking to make’. Understanding of what the key outcomes ought to be is likely to flow from the analysis, consultations and discussions that take place while developing an economic profile/strategy. Understanding the levers available to the Local Authority and its partners is also important as there is little point in specifying that the Council will seek to achieve outcomes that it is unable to influence much. It is also the case that some desired outcomes may represent fairly intractable problems and so their achievement will be a long-term undertaking. In such cases,

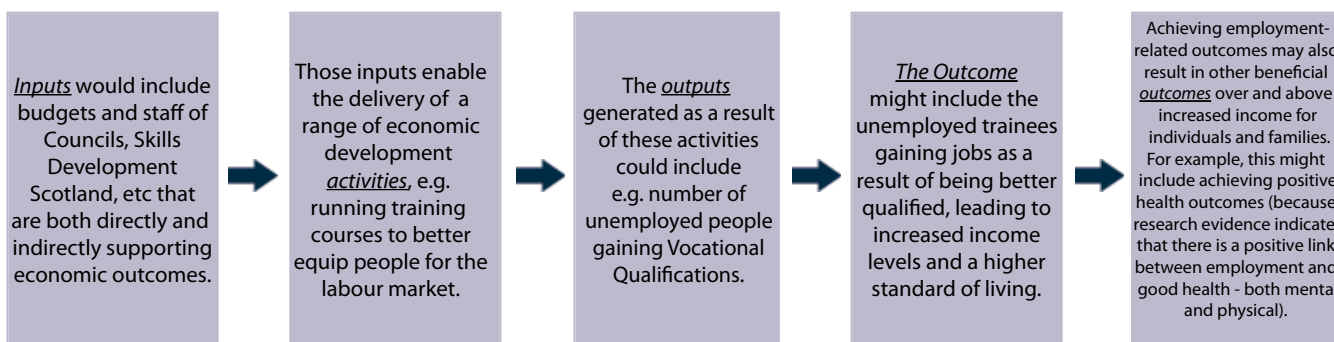
it may be helpful to develop ‘intermediate outcomes’ that can act as milestones in demonstrating progress towards the ultimate outcome.

Having articulated outcomes, consideration then needs to be given to the optimal mix of interventions that are best likely to achieve the desired outcome. This will also involve consideration of which interventions have proven to work well, which offer good value for money, etc. Consideration of this may also be constrained by practical factors, such as the availability of funding and the priorities of the Council and its partners.

The diagram below summarises the relationship between inputs, activities, outputs and outcomes.



In terms of applying this to economic development, an example might include the following:



2.2 The Role of the Local Authority in Economic Development

Economic development provision by Local Authorities is principally concerned with providing support that will help the economy to grow, develop and become more competitive.

This has traditionally been measured in terms of growth in overall output, Gross Value Add, the business base and employment levels. Increasingly, however, considerations of sustainable development and equalities are seen to be just as important, requiring additional measures such as carbon reduction or equalities impact profiling (assessing the impact of policies and interventions on particular groups).

Within a broad aim, such as achieving sustainable growth, specific objectives may include, for example:

- diversification of the business base/ occupational base;
- targeted support to encourage growth within particular sectors;
- the provision of employability and training support to help residents compete for jobs;
- business start-up assistance;
- support to existing businesses focused upon innovation and productivity, etc.

Indeed, there is an almost infinite variety of potential levers and interventions that could be delivered. A summary of the main economic development interventions used by Local Authorities is set out later in the Guide. With reference to the Local Authority's functions, there is also a recognition that within the economy there are a range of inter-dependencies with other areas such as education and social services and there may be scope to ensure greater integration of key elements.

The Council's Corporate Economic Development Role

As well as considering a range of interventions that an Economic Development Service might deliver, consideration ought also to be given to the potential role of the Local Authority as a corporate entity. Councils could potentially run the risk of focusing on the delivery of relatively small scale products and services, whilst failing to fully capitalise on the major role that the Council itself can play within the local economy.

This includes the fact that the Council (and its partners) will be significant employers within the local community. The case study 'Training and Employment for Looked After Children' illustrates the creative approach that a Welsh council has taken to providing opportunities for a group of disadvantaged young people leaving care. Likewise, the Commonwealth Games 2014 case study highlights how Glasgow City Council has sought to encourage support for disadvantaged groups to access the labour market.

Case Study

Training and Employment for Looked After Children

A Council in Wales is creatively utilising its role as an employer to provide training and employment opportunities for young people leaving foster care/Council accommodation. The programme has been successful in helping this highly disadvantaged group successfully make the transition into work.

By assisting the young people to access employment, this has also helped to avoid the potential negative outcomes that might otherwise have arisen, thereby avoiding negative 'downstream' spend for a wide range of public agencies.

Read the full case study, page 64.

Advice from the Equality and Human Rights Commission (EHRC) confirms that this is a legitimate approach to take, provided it does not disadvantage any group that is protected by legislation. (That might be the case, for example, if a group targeted for support contained a disproportionate level of people from, say, a particular ethnic group or gender.) Accordingly, any such targeted interventions need to carefully consider the evidence base and understand the potential impact - intended or otherwise - of targeting support to a particular group of beneficiaries.

Such positive employment and training initiatives led by Local Authorities can also help to avoid considerable negative expenditure that may otherwise arise to the public sector if such groups were unable to access the labour market. So, economic development activities such as those highlighted in these two case studies might not only benefit the individuals, but can also make good financial sense by helping to reduce potential demand for services provided in areas such as Social Work, Policing and Health.

Councils operate a wide range of services that directly impact on local residents and businesses. The speed and effectiveness of decisions taken on matters such as liquor licensing, events licensing, planning applications, execution of Trading Standards services, etc can have a major impact on local businesses. Clearly, the Local Authority requires to ensure that services such as the processing of planning and licensing applications undergo appropriate due process, which may involve balancing a range of considerations such as social and environmental matters, as well as economic. Likewise, these processes may rightly require appropriate consultation and engagement with a range of stakeholders.

There is, however, an opportunity for Local Authorities to develop co-ordinated approaches to these issues, involving economic development officers working alongside staff from other Council services

(and partners) to explore opportunities for appropriate streamlining of processes and services that businesses utilise. For example, some Local Authorities have sought to 'fast track' certain planning applications, where there are seen to be clear benefits in doing so. A range of case studies highlighting good practice in the Planning function is set out within the Scottish Government's website:

www.scotland.gov.uk/Topics/Built-Environment/planning/modernising/cc/CaseStudies

Similarly, there is an opportunity to explore the use of more joined-up and integrated 'Customer Relationship Management' type approaches when dealing with the local business community. This approach has developed significantly in recent years for services aimed at the resident population, using technology and approaches such as 'Customer First'. There is an opportunity to explore the potential for improving customer interface and service delivery options for the business community.

www.improvementservice.org.uk/customerfirst

The policies and the overall effectiveness of the Local Authority in areas such as Education or Transportation will also have a significant impact on the prospects for the local economy. For example, potential inward investors will consider the available labour supply, availability of employment land, transportation links, etc.

A key element of the Economic Development Strategy, therefore, should be a review of how joined-up, effective and business friendly the Council is as a corporate entity. Likewise, such a review could also extend to the full range of Community Planning partners, with a challenge to encourage creative thinking in how the public sector can maximise its potential impact in supporting development of the local economy.

Another key aspect is the fact that Local

Authorities and their partners are procurers of goods and services, with the public sector in Scotland spending some £8bn per annum. There is a major opportunity to ensure that this massive spending power is channelled in a way that encourages sustainable economic growth. With this in mind, the Scottish Government and COSLA jointly published a document on 'Achieving Community Benefits in Public Procurement'. This includes opportunities to help businesses compete for contracts as well as opportunities to include targeted training and recruitment clauses in public sector contracts.

www.scotland.gov.uk/Resource/Doc/212427/0056513.pdf

Every Local Authority expends millions of pounds annually procuring and contracting a wide range of products and services. This has been accelerated in recent years with the growth of outsourcing of many services that were previously delivered in-house by Local Authorities. The trend in recent years has also been towards ever greater aggregation and 'bundling' of contracts in order to achieve economy of scale benefits. A problem with this approach is that it often results in smaller, local contracts effectively being excluded from tendering. Creative application of a Council's procurement could, however, potentially reap significant benefits within the local economy. Whilst the aggregated contracts, at least on the face of it, are regarded as delivering cash savings for Councils, there are a number of problems with this approach. It is often the case that anticipated 'savings' are overstated, fail to fully materialise and a range of additional or hidden costs subsequently emerge. A major downside is that the failure of local businesses to compete for 'super contracts' means that local businesses and residents fail to derive significant economic benefit from the Council's contracted expenditure. Potentially, this can manifest itself in additional costs to the Council and other public services. For example, this could lead to reduced business rates income, Council Tax collection and through increased demand on a range of

Case Study

Commonwealth Games 2014

Glasgow City Council is ensuring that the 2014 Commonwealth Games impact positively on local businesses and communities. The 'Community Benefits' initiative involves three main elements:

- recruitment and training opportunities and support for those furthest from the labour market;
- developing business opportunities for SMEs (over 80% of construction contracts have been awarded to companies based in Scotland); and
- developing business opportunities for social economy enterprises.

Read the full case study, page 67.

social services from unemployed residents. Accordingly, a more holistic cost/benefit analysis of procurement strategies may favour development of an alternative, more sustainable and higher local economic impact approach. A challenge for Local Authority economic development practitioners is to effectively engage Council procurement staff in exploring these issues.

An example of how a Local Authority is seeking to benefit the local economy through the way it manages procurement is set out in the case study 'Commonwealth Games 2014'. The 'Supplier Development Programme' case study also illustrates practical steps that can be taken to help ensure local businesses are better geared up to compete for public sector contracts.

The optimal mix of interventions for any area ought to emerge from its economic profile/strategy. What will be the most appropriate interventions for any area will also depend on factors such as existing provision by other partners and analysis of needs and opportunities. Responding to changes within



the economy is also important and this typically requires good economic development services to be aware of significant developments that arise and to be able to respond in a flexible and innovative manner.

Rationale for Intervention

Of prime importance when considering the role of the Local Authority is the need to have a clear rationale for intervention. This, firstly, requires consideration of whether there is a case at all for public sector resources to be used for economic development purposes in particular circumstances. It then requires more detailed consideration of what is the most appropriate type of intervention and whether such interventions are likely to result in a net additional impact within the local economy which outweighs the cost of providing support. The main justification for public sector intervention tends to be based upon market failure or on grounds of equity/distribution. This critical issue is dealt with in more detail in the following sections of the Guide.

2.3 Developing an Economic Profile

Introduction

Understanding the key issues, challenges and opportunities within the local economy is a critical starting point and an essential building block for developing a coherent economic strategy and portfolio of economic development interventions.

This requires a comprehensive review of the evidence base, including statistical data trends, research evidence and forecasts. An economic profile may include the collation of information covering a wide range of relevant factors, such as:

- A narrative setting out the historical context, key characteristics and overall economic performance. This may describe a story of economic transition, referencing key changes/developments and factors impacting on major employment concentrations, key sectors, economic restructuring, major exports, etc.
- A profile of the local company base including number of companies, business birth and death rates, key sectors, proportion of knowledge intensive industries, key companies, industrial and occupational structure, GVA, etc).

- An analysis of the wider asset base, such as colleges, specialist infrastructure, high quality natural or built environment, etc.
- A labour market profile (including, population demographics, employment levels, economic inactivity rates, skills base, qualification levels/graduate base, wage levels, migrant labour, etc).
- Where the area sits in relation to growing or declining cities, its location relative to access to major ports/airports, its relative degree of peripherality, etc.
- The position of the local economy in relation to similar benchmark areas, as well as its role in relation to the wider regional, national and international economy. This may include assessment and commentary on the reality of the economic geography, taking account of travel to work patterns, etc (as opposed to simply considering the Local Authority boundary).
- An analysis of the constituent parts of the Local Authority area, including priority regeneration areas, town centres, business districts, greenspace, etc.

In developing an economic profile, there is a potential danger of getting swamped by information overload and there is a need to sift the key issues from the routine or less important. Likewise, there is a need to translate raw information into intelligence. This refers to undertaking an analysis and developing an understanding of the implications of the various data, inter-connections between different factors, etc.

Achieving this will typically require a comparison of the various data trends, and an assessment of similarities and differences within the local economy relative to:

- past performance;
- future predicted trends;
- other comparable geographic areas; and

- Scottish/UK/international performance.

A range of technical issues need to be considered when analysing data. This will include matters such as checking for consistency/data changes, data interpretation issues, avoiding potential single year spikes (for example, by reviewing an average or median figure comprised of several years' data), taking account of data time lags, etc. Further details and support relating to technical considerations can be found within ScotStat Public Sector Analysts Network.

www.scotland.gov.uk/Topics/Statistics/scotstat/analystsnetwork

Economic profiles can be developed in-house by a single partner, be produced by a range of partners or be commissioned from an independent consultant. There are pros and cons associated with each approach. In general terms, the level of detailed analysis and sophistication underpinning an economic profile ought to be proportionate to the scale of the service/partnership undertaking it and relative to the likely level of resources to be expended on economic development.

As well as looking at hard data and research evidence, development of an economic profile will also benefit from active engagement, which encourages partners and stakeholders to contribute their views on the key issues. This can take the form of an open invitation to submit material or more structured/semi-structured mechanisms for obtaining input, such as surveys, facilitated workshop sessions, etc.

Such workshops may utilise techniques such as SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) and PESTLE factors (Political, Economic, Sociological, Technological, Legal and Environmental) to help elicit views and encourage structured consideration. Further information on these and other useful techniques can be found via the links below.

www.cipd.co.uk/hr-resources/factsheets/swot-analysis.aspx

www.cipd.co.uk/hr-resources/factsheets/pestle-analysis.aspx

In particular, it is helpful to encourage open strategic discussion and debate in order to help develop consensus on what the priority issues are within the local economy. Engaging a range of different interest groups and perspectives can help to make sense of the underpinning data and build agreement on what the priority issues actually are. It is important to recognise that prioritisation is not simply a matter of statistical analysis. The legitimate role of political choice and preference is also of major importance. Equally, it is recognised that many priorities are already a given, determined at a higher policy level, be it national, regional or local. This means that some partners may have limited influence over their prime focus, targets and resource deployment. Nevertheless, where there is scope for choice over priority outcomes or interventions, developing a shared understanding of the challenges and opportunities is likely to make it easier to agree shared actions. This will include engaging relevant expertise from the private sector to help shape the analysis and ensure a representative input. It will also be helpful if an Economic Profile helps to focus upon issues that a Local Authority and its partners can make a difference to. (On the basis that there is limited benefit in going

into great detail on areas that partners are unlikely to be able to influence).

The issues relating to economic performance are numerous and complex. An Economic Profile may be extremely detailed and sophisticated in its analysis. Regardless of this, however, it will always be beneficial to attempt to present a concise overview of the key issues emerging from the economic analysis. This may take the form of a short executive summary, with linkages to the more detailed analysis included. A clear, summary exposition of the key issues will help to provide focus and purpose for subsequent development of the economic strategy and the various economic development interventions.

As indicated previously, the factors affecting economic performance can change quickly. This means that there is a need to keep the Economic Profile under regular review, gathering intelligence and ensuring that significant developments are understood and taken account of in updates of the Profile.

Publishing findings from research, evaluation studies, etc is good practice and will facilitate the exchange of knowledge across Local Authorities and beyond. Mechanisms for doing this already exist and Councils are encouraged to upload relevant reports to Evaluations Online and Research Online, operated by Scottish Enterprise and Skills Development Scotland (SDS), respectively.



www.evaluationsonline.org.uk

www.researchonline.org.uk

Economic Profile Case Studies

The links below include examples of economic profiles for Midlothian and Argyll and Bute.

www.argyll-bute.gov.uk/business-and-trade/economic-development-action-plan

www.midlothian.gov.uk/info/1/business_and_trade/625/midlothian_economic_development_framework

Further Information/Data Sources for Economic Profiles

There is a wide range of data sources already in existence that can be drawn upon. The Scottish Government publishes basic economic profiles for Local Authorities on a regular basis.

www.sns.gov.uk/Reports/ThemeReport.aspx

Highlands and Islands Enterprise (HIE) publishes area profiles and unemployment factsheets for its overall region and also for its eight local areas.

www.hie.co.uk/highlands-and-islands/economic-reports-and-research

In terms of wider geographic areas, Scottish Enterprise publishes a series of Regional Economic Reviews which are updated on a regular basis.

<http://www.scottish-enterprise.com/about-us/how-we-work/resources/economic-reports.aspx>

Nomis is a service operated by the Office for National Statistics, which provides detailed and up-to-date labour market statistics from official sources for local areas throughout the UK.

www.nomisweb.co.uk

The Scottish Neighbourhood Statistics website includes a wider range of data sources.

www.sns.gov.uk/

Work is underway within the Scottish Government to develop a new Labour Market Intelligence (LMI) Framework, aimed at improving uptake and usage of LMI research.

www.scotland.gov.uk/Resource/Doc/344766/0114737.pdf

SDS' LMI system has a number of publicly available components which should prove useful to Local Authority economic development practitioners and others.

- Research Online - this provides free, online access to the widest range of labour market reports and analyses. It is fully searchable and regularly updated with new content. Most of the reports and analyses can be downloaded directly. Research Online also has a fortnightly alert service where practitioners can keep up-to-date with the latest research published. SDS is also developing a 'remote window' which can be embedded within Council and other partners' websites, providing convenient direct access to Research Online and related facilities.

www.researchonline.org.uk

- Sector Profiles - these cover the Government Economic Strategy's Key Sectors (sourced from the Scottish Government and SDS) and also profiles of the Sector Skills Councils (sourced from the Alliance of Sector Skills).
- Local Area Labour Market Profiles - covering each unitary authority in Scotland. These include information on population, employment, unemployment, inactivity, wages, vacancies and the local business base (sourced from NOMIS). Economic profiles are also presented for

the Highlands and Islands Area (sourced from HIE).

- Vacancy Profiles - these cover notified vacancies at Jobcentre Plus offices in each local authority area (sourced from Jobcentre Plus).
- Monthly Unemployment and Monthly Vacancy Profile - overview of unemployment and vacancy information in Scotland.
- More Choices, More Chances - monthly update on the MCMC client group across each of Scotland's Local Authority areas (sourced from Jobcentre Plus).
- QuickReads - these are short summaries of major reports, such as the annual School Leaver Destination Report.
- Talking Points - these are short papers discussing some current issues, such as the impact of skills shortages on business performance.
- Media Monitoring - SDS scans over 150 national and local newspapers each week to provide information on jobs gains and losses, as reported in the press. Weekly media monitoring reports are provided for each SDS region. A monthly summary of jobs gains and losses is also produced.
- Labour Market Focus - this is Scotland's monthly LMI newsletter, produced by SDS. (Register for free subscription via the SDS website). Each issue contains information on headline LMI indicators, recent research, most popular research and jobs gains and losses. Each issue also includes an events calendar - to raise awareness of LMI events, seminars and conferences across Scotland.

Making best use of data that is already publicly available should help to reduce duplication and cost. However, it is also important that each Local Authority considers additional data and analysis that is necessary to augment and understand that which is already published. Local Authority staff and their partner organisations will generally be best-placed to interpret, contextualise and

understand the issues in their own local labour market. In developing an economic profile, it is important, therefore, to make best use of the considerable volume of research and information resources that already exist. Indeed, such sharing and comparison of data between stakeholders can help to facilitate comparisons and deliver enhanced mutual benefit.

2.4 Developing an Economic Strategy

Introduction

Having a robust and up to date Economic Profile will provide an overview of the range of factors affecting the local economy. From this base, a local Economic Strategy can then be developed. The Economic Strategy may focus on what an individual Council seeks to achieve or it may encompass a partnership approach. Typically, an economic strategy will focus on a particular geographic area, such as a Local Authority boundary or a wider region. Detailed strategies may also be developed to support, for example, particular sectors.

Vision and Outcomes

Building on the issues set out previously concerning outcomes and rationale for intervention, the Economic Strategy should set out the vision for the local economy, including the key outcomes/change that is desired. It will typically include a summary of the Economic Profile, including an analysis of what the information means and how the Economic Development Service (or partnership) plans to respond to the key issues. This will typically include initiatives to address challenges and weaknesses, build on strengths and capitalise on opportunities. A statement of vision and outcomes ought to be realistic and proportionate to the resources and levers likely to be available to the Council and its partners (*again on the grounds that there is little point in having a grandiose vision that is unlikely to be delivered*).

An Economic Strategy will usually include a summary statement encapsulating the overall vision, alongside a more detailed articulation



of specific aims and objectives. For example, there may be specific aims and objectives relating to improving business productivity, raising skill levels, increasing economic activity, improving connectivity, supporting priority sectors, etc. A summary statement will usually help to clarify the key changes and improvements that are sought within the local economy and which the Economic Strategy intends to help bring about.

Likewise, reflecting the issues highlighted earlier in the Guide, an Economic Strategy may contain actions that will enable a Local Authority to capitalise on the full economic potential that it has as a major corporate entity. For partnership strategies, this potential equally relates to the collective economic power that a grouping of public sector agencies, such as a Community Planning Partnership, can have.

Prioritisation

Prioritisation will be an important aspect of developing an Economic Strategy. A useful starting point is the explicit recognition that it is simply not possible to do everything. An approach that avoids prioritisation is likely to result in everything getting a little attention, but almost nothing being achieved well. In contrast, reducing the overall number of issues and priority outcomes to focus upon is likely to aid clarity and help provide a clearer sense of direction.

Typically, however, the priorities of economic development services and partnerships tend to build up incrementally and adopting new priorities is rarely balanced with stopping doing other things. Over a period of time, this can result in services and partnerships having too many objectives and a consequent blurring of what are the most important things to do. In discussing priorities within an Economic Strategy, therefore, achieving clarity on non-priorities is also important. Essentially, there is a need to agree what existing outcomes or activities are now of lesser importance and should either stop altogether or, at least, be scaled down. In this respect, there is a need to ensure that the service or partnership does not shy away from making hard choices and this is an important leadership role, typically requiring both political and officer direction.

Priorities within an Economic Strategy may relate to factors such as geographic areas, client group targeting, supporting certain types of businesses and sectors, etc.

It is also the case that prioritisation discussions can be challenging. They may be seen as being highly political exercises, often with there being perceived 'winners and losers'. Managing the interests of all stakeholders within a partnership is likely to be crucial to the overall success of any discussion on priorities.

An Improvement Service Learning Point on 'Prioritisation of Key Outcomes' can be

accessed via the undernoted link. This paper includes summaries of key considerations to bear in mind when managing a prioritisation process.

www.improvementservice.org.uk/embedding-an-outcomes-approach-in-tackling-poverty-community-regeneration/

Linkages to Other Relevant Plans

An Economic Strategy ought to take account of other complementary strategies and plans, such as the Scottish Government's Economic Strategy, the strategies of other relevant national, regional and local partners, the local Community Plan and Single Outcome Agreement.

Key Factors and Principles Influencing Design of Economic Strategy

From the analysis of issues within the Economic Profile, the development of an Economic Strategy will then need to consider a range of important factors and principles, including:

- A clear statement of outcomes concerning what is to be achieved.
- Consideration of how those outcomes can best be achieved. This will include consideration of what levers are available. For example, what can the Council Economic Development Service (and its full range of partners) realistically influence? (Once again, there is little point in attempting to address an issue that the Council and its partners have no real influence over. It is also noted that it is likely to be the case that not every outcome will have actions that the Council ought to prioritise).
- Whose role? Who is best placed in terms of formal role, skills, resources, etc to make a useful and sustainable impact? Clearly, direct intervention by the Council will not always be the best solution. Other public and private sector

partners may have more appropriate skills, resources, etc to impact on an issue. So having clarity of purpose and a good understanding of what various partners can effectively contribute will be important.

- What works? What evaluation evidence exists concerning the types of interventions that are likely to have the desired impact and that will also represent good value for money?
- Sphere of influence, tactics and prioritisation. Choices need to be made about whether the Economic Development Service (partnership) should seek to have a relatively light involvement across a wide range of interventions or a deep involvement in seeking to address a few priority issues. In essence a judgement needs to be made about what is the 'right balance' and there may be a trade-off required to avoid the twin dangers of potentially 'spreading the jam too thinly' and potentially missing out on opportunities by having a relatively narrow focus.
- Targets and indicators that allow progress towards meeting outcomes to be assessed. (This latter issue is returned to in more detail under Section 2.9).

Thoughtful consideration needs to be given to all of these issues when designing an Economic Strategy. The Economic Strategy ought to reflect the priority issues set out within the Economic Profile and contain information about how the Economic Development Service (partnership) is seeking to address those issues. This may include a brief description of each issue, why it is considered important, the rationale for intervention, a summary of the preferred interventions and an estimation of the anticipated impact.

The Economic Strategy may also include an exposition of specific projects or approaches, such as the potential benefits of collaboration with neighbouring authorities. Likewise, there may be information on, for example, specific

economic recovery initiatives.

Central to the Economic Strategy will be the need for a clear rationale for intervention. In economic development, the rationale generally tends to be on the grounds of market failure or on equity (redistribution). This issue is dealt with in greater detail later in the Guide. However, it is vital that the rationale for any intervention is a key consideration when developing an Economic Strategy. Failure to do so will be likely to result in a strategy that pursues opportunities and interventions that may not have a clear rationale. In such instances, the danger is that the impacts will be limited, due, for example, to there being high levels of deadweight or displacement (e.g. supporting SMEs to do things they would have done in any case or supporting growth in one SME in a way that simply displaces economic activity in a neighbouring firm).

It is important that an Economic Strategy is a useful working document that genuinely reflects the key issues in a particular area and that helps to focus decisions concerning resource allocation. Economic Strategies are sometimes criticised for being bland, too 'blue sky' or too generic in nature. A key test is whether the Strategy genuinely reflects the particular assets, challenges and opportunities of an area, rather than it being something that, with a name change, could be applied almost anywhere. This point emphasises the need for local knowledge and analysis of the

key issues to be central to the development of the Strategy. Whilst there will be many areas of commonality, different areas will have different issues and this diversity ought to be reflected in the Economic Strategy. The acid test of an Economic Strategy is whether it genuinely helps the Council (and partners) to prioritise decision-making about where resources ought to go. The converse of this would be a bland, generic Strategy, which could be used to justify almost anything. Whilst perhaps being somewhat pointed in nature, these questions can be useful in helping to bring focus to a Strategy.

SEA/EIA

An Economic Strategy may require to undergo processes such as Strategic Environmental Assessment (SEA) and Equality Impact Assessment (EIA). These are important aspects and, if they have not already been picked up through the Economic Profile, these processes may help to identify useful issues that require consideration within the Strategy. This could, for example, include a range of issues pertinent to achieving *sustainable* economic growth. This may, for example, include the contribution that the Economic Strategy may make to other objectives, such as the carbon reduction commitment. Delivering sustainable economic growth is likely to require certain trade-offs to be made between economic, environmental and social objectives and it may be helpful for the Strategy to consider



and attempt to articulate what an appropriate balance actually means.

Likewise, an Equality Impact Assessment may highlight the need to target support towards groups that are economically disadvantaged or who may experience barriers in accessing support delivered via traditional channels.

In developing and revising strategies, plans and programmes, consideration therefore needs to be given to whether they will be fully covered by existing SEA/EIAs carried out by the Council or partnership, or whether additional assessments are required. Guidance on this can be found at:

www.scotland.gov.uk/Topics/Environment/SustainableDevelopment/14587

www.equalityhumanrights.com/scotland/

Outline Action Plan

An Economic Strategy may include an outline Action Plan or delivery plan. Thereafter, the range of interventions that are selected to 'deliver' the Economic Strategy require to be designed, chosen, prioritised and reflected in the Council (and partners') Business Plans/ Operating Plans. This requires consideration of issues such as:

- the key issues;
- the interventions to be undertaken;
- the resource inputs required;
- a note of who will be responsible for each action;
- the timescale involved;
- how different programmes will complement and support each other;
- the indicators that will be used to monitor progress of each action; and
- specific targets/milestones agreed.

This will include a clear statement of what the anticipated outcomes and achievements will entail. In terms of the latter, good practice Economic Strategies will contain a monitoring and evaluation framework. Rather than it being an afterthought, by building in consideration of monitoring and evaluation from the outset, it will help stakeholders clarify thinking on what they are seeking to achieve. (*Further information on monitoring and evaluation is included in section 2.7*).

Engagement

It is good practice to engage in a consultation process concerning the focus and content of the Economic Strategy with key stakeholders, including Elected Members, partners and others, such as local business representatives. Effective engagement - on the Economic Strategy and in a wider variety of contexts - is likely to be of benefit in ensuring robustness and focus. A range of mechanisms are available for doing this, ranging from highly formalised consultations to informal liaison and update meetings. Specific mechanisms, such as the use of Business Panels have also been used in many areas.

Indeed, the process of engaging key stakeholders in the development of a strategy can be extremely productive. By securing their buy-in and engagement in the development of a strategy, stakeholders will have a greater sense of ownership and commitment to participating in its delivery. In essence, effective engagement will typically require actively involving stakeholders in the process of developing and Economic Profile/ Strategy, etc – rather than engagement being an afterthought that occurs after development of these documents.

Governance and Sign-off

The Economic Strategy will require to be signed-off in accordance with the relevant governance arrangements that are in place within the Local Authority, relevant partnership group and by individual partner organisations, as appropriate.

Communicating the Economic Strategy

Once finalised, it is important that the Economic Strategy is then communicated effectively to stakeholders, utilising an appropriate range of mechanisms and ensuring clarity of expectation regarding delivery, resource commitments, etc. Good Economic Strategies will tend to include an Executive Summary as an important communication tool, setting out the key points within a short document. Producing jargon-free, plain English documents will aid effective communication. Again, this helps to improve understanding and focus and will help facilitate a wide range of individuals and partners 'getting behind' the strategy. A good summary of the Strategy should serve to excite and enthuse people and provide them with a clear understanding of the direction of travel.

As indicated, monitoring and evaluation of progress in implementing the Economic Strategy is another vital process and this is considered in more detail under Section 2.9 of the Guide.

2.5 Reviewing Economic Development Partnerships

Major aspects of economic development focus on partnership working. This is usually co-ordinated through Community Planning Partnership (CPP) structures. Most CPPs have an economic development theme group, which is charged with co-ordinating economic development activities across the key partners.

The main organisations involved in partnership working typically include local authorities, Scottish Enterprise/Highlands and Islands Enterprise, Skills Development Scotland, FE/HE representatives, private sector representatives, etc. Some CPPs have separate theme groups or sub-groups covering different elements of economic development (e.g. business development, skills, etc). Other specific partnership working may take place

around priority sectors, such as tourism, which would also typically involve VisitScotland as a key partner.

The majority of CPP economy theme groups cover the geographic area of the local authority, although a number of economic partnership groups operate across a wider region.

Over the past few decades, the received wisdom concerning approaches to addressing complex and multi-faceted challenges has tended to centre upon partnership working. A 'partnership approach' may even now be seen as the default 'solution' for economic development. In practice, however, partnerships do not always deliver the full range of benefits anticipated or the changes desired in an efficient and effective way. In many instances, the sheer volume and complexity of partnership structures is often, of itself, a major barrier to effective working.

Arguably, tightening resources makes effective partnership working an even greater imperative. Increasingly, there is recognition of the requirement to focus on customer needs, the interdependency of organisations, the need for more integrated approaches to achieving outcomes and the requirement for new models of governance, emphasising shared accountabilities for the achievement of outcomes. Paradoxically, of course, tightening resources also means that there are less staff to engage in partnership working. The importance of ensuring partnership activities are worthwhile is therefore, critical.

The concept of 'collaborative gain' can be drawn upon to help shape the way that economic development partnerships approach the task of delivering enhanced outcomes more effectively. 'Collaborative gain' describes a situation where partnership working brings about added value benefits, which could not have been achieved by the individual partner organisations operating on their own. In short, it is about achieving 'more than the sum of the parts'.

Examples of Collaborative Gain

The type of ‘gain’ or ‘added value’ achieved through two or more partners collaborating may include the following:

- Improved access and uptake/market penetration (e.g. an economic development agency partnering with a local nursery to market its services may increase the number of potential returners to the labour market that the agency has contact with).
- Economy of scale/rationalisation (e.g. agencies co-locating in order to share overhead costs).
- Enhanced customer experience (e.g. organisations that share the same client can streamline service delivery, making it easier for clients and avoiding feelings of being passed from one agency to another). Enhanced customer experience can also be brought about simply by the pooling of complementary services/expertise.
- Enhanced quantity/quality/sustainability of outcomes. In terms of an ‘outcomes approach’, this is likely to be the most compelling driver, whereby partners collaborating can achieve more for individuals or communities.

It is recognised that seeking to quantify partnership added value can be extremely

challenging at times. Many of the perceived benefits of partnership working are inherently intangible in nature and care ought to be taken not to expend disproportionate resources seeking to measure attribution. Further information on this issue can be found in an Improvement Service paper, ‘Achieving Outcomes through Collaborative Gain’:

www.scotland.gov.uk/Resource/Doc/94257/0098455.pdf

Assessing Economic Development Partnerships - Self-Assessment Checklist

A detailed self-assessment questionnaire for reviewing the effectiveness of an economic development partnership is included within Section 3. This has been designed in the format of a survey questionnaire, which can be issued to members of the partnership. Following analysis of completed questionnaires, a workshop involving partners can take place to focus on identifying improvement actions that address the issues raised in the survey. The section covering the economic development partnership checklist also sets out information on how the Improvement Service has used this type of approach with a number of local partnerships to help drive improvements.



2.6 Appraising Economic Development Interventions

There is an infinite range of potential interventions that may be applied to help achieve the outcomes and vision articulated within an Economic Strategy. A robust approach to appraisal will help to make better informed choices with regard to the options relating to the appropriate design and mix of interventions. The appraisal stage is essentially concerned with assessing the overall ‘business case’ for undertaking interventions, *prior* to any decisions being made to actually proceed.

The HM Treasury definition of appraisal describes it as:

“the process of defining objectives, examining options and weighing up the costs and benefits and risks and uncertainties *before* a decision is made.”
(HM Treasury, 2003)

Whereas, an evaluation study carried out after a few years of operating a programme may provide evidence that the programme has failed to meet its objectives, a robust appraisal system has the potential to identify the factors that could lead to such failure. Applied properly, this would be likely to result in the programme being discarded at the appraisal stage, prior to implementation and before significant resources had been expended on it.

This section sets out key issues that ought to be considered at the appraisal stage, starting with the need for a clear rationale for public sector intervention.

2.7 Rationale for Public Sector Intervention

Having a clear rationale for intervention is a fundamental consideration in determining whether any potential economic development intervention is likely to be a good use of public money. Key considerations include whether:-

- The intervention is likely to result in a net additional impact within the local economy (rather than simply displacing economy activity from elsewhere in the local economy);
- The potential benefits that accrue are likely to be sustained;
- The benefits outweigh the cost of providing support; and
- The intervention is likely to address the root causes of the issue and achieve market adjustment.

The main justification for public sector intervention in the economy usually derives from the concept of ‘market failure’ or on grounds of equity/distribution.

Economic efficiency theory suggests that market failure may arise in a variety of circumstances, including the following principal categories:

- where there are particularly high and restrictive barriers to entering into or exiting a particular market;
- where there is imperfect information and/or abnormal uncertainty regarding the economic viability of a particular market;
- where there are particularly restrictive externalities (for example abnormally high pollution costs to be incurred) that result in a market becoming uneconomic; and
- where the market is deemed to be for the provision of ‘public goods’, where normal market provision and pricing arrangements are not viable.

In each of these instances, there are likely to be major disincentives for the private sector to risk participation within such markets.

The ‘market failure approach’ focuses economic development policies upon the

goal of ‘correcting’ private market failures. In ideal circumstances, the public sector will ‘address the failure’, which will enable the private sector to then operate within this particular market. This, in turn, will allow the public sector to disengage from that particular area and focus its attention upon other instances of market failure. Accordingly, concentrating public agencies’ efforts upon activities which ‘encourage’ the private sector to engage in areas that would otherwise prove unattractive, would be seen as one of the key underpinning conditions that justify public resources being spent on economic development projects. The concept of ‘levering in’ the private sector can, therefore, be seen to be an important one in economic development.

An example of an economic development intervention that might potentially be seen to address a particular market failure would be the instance of an exporting programme, such as the range of trade missions operated by Scottish Development International. A number of such programmes currently exist within Scotland, typically providing support in areas such as the provision of information and advice, or the provision of subsidies towards the cost of attending overseas exhibitions or trade missions.

Ideally, such projects will aim to assist firms that are prohibited from participating in such exporting activities due, for example, to their lack of relevant expertise or inability to afford the associated costs of entering new markets. The programme aims will typically be assessed with reference to factors such as increased turnover being achieved by participating firms, through new export sales generated. Such an outcome would be expected to contribute to an overall increase in economic output. This may, in turn, generate additional job opportunities (or increased security of existing jobs).

Equally, it may strengthen the firm’s economic sustainability by expanding and diversifying its customer base. Overall, such results will be seen to provide a positive impact within the

local economy. In due course, it ought to be expected that the firm will be able to operate unassisted in this export market and without the need for further public support. This should be achievable, for example, because the firm now possesses greater knowledge regarding exporting to that particular overseas market. Equally, it might arise because the firm could now recognise that the economic benefits to be accrued from participation in that export market are likely to sufficiently outweigh the costs, to the extent that it becomes an attractive, profitable venture. In such circumstances, the ‘market failure’ can be seen to have been ‘corrected’ as a result of the initial public sector intervention.

Following this ‘correction’, the public sector support agency would be expected to withdraw and to then focus its resources on correcting further instances of market failure. This example illustrates how a well designed public sector intervention can help to tackle the causes rather than the consequences of market failure.

Arguably, the above descriptions of identifying and correcting market failure are premised upon a somewhat clinical, market-oriented view of how economies operate. For areas that have been the subject of long-term, structural economic decline, this type of analysis and theory of correction/market adjustment may not always be entirely helpful in the short to medium term. The range of complex, seemingly intractable, inter-generational socio-economic problems that these areas are confronted with do not always sit easily with the market analysis and a more flexible approach may be more appropriate. Nevertheless, the key principle of applying thoughtful, rigorous appraisal in order to maximise impact remains of central importance to these areas.

As well as dealing with issues of economic efficiency, economic policy often focuses upon distributional effects. Economic theories dictate that there may be a legitimate role for public agencies to intervene in the private market in order to promote the more



‘efficient’ operation of these markets. For a public sector agency concerned with both social and economic objectives, however, this may be achieved either through expanding the overall net output within the economy or by seeking to re-distribute that output within the economy. Accordingly, both the ‘net growth agenda’ and the ‘re-distributive agenda’ are seen to be cornerstone principles for economic development practitioners.

A further factor to be considered is that targeting economic development support to particular geographic locales or population sub-groups can result in a wider range of sustainable benefits across the public sector. Conversely, not supporting such groups into, say, employment opportunities may result in continued down-stream negative expenditure interventions being required by a range of public agencies. So, in an era of declining resources, such targeting may simply be made on the basis of rational financial decision-making grounds rather than from a social justice perspective.

An example of an intervention with multiple objectives might be in the instance of a public sector contribution to, say, some of the initial infrastructure costs of building workspace units in an economically and socially deprived urban area. Such a project may be seen as desirable by the public agency in order to provide job opportunities, to attract industry into the area and to improve the quality of the physical environment. The particular

intervention applied may, for example, take the form of a public subsidy that encourages the private sector to enter that ‘market’. In the absence of the public contribution, that particular opportunity would have remained uneconomic to the private sector and the workspace units would have remained unbuilt within that particular area. (That is not to say that the private sector would not necessarily have built workspace units, but, rather, that it would have been unlikely to have built them in the specified vicinity, to the specified quality standard or at that particular time).

Another example, which incorporates not just economic, but also social objectives, would be where the private market for labour perceives that people who have experienced long-term unemployment may be less ‘job ready’ than those who are currently active within the labour market. This may be due to a perception that long-term unemployed people would be likely to require additional training and/or would take longer to make a net contribution to the output and productivity of the firm (relative to those who are short-term unemployed or those who are presently active in the labour market). A public sector agency might have the goal of assisting long-term unemployed people into work in furtherance of its social and economic objectives. Accordingly, a wage subsidy or training programme might be designed in order to compensate the private employer for the recognised additional cost of hiring a long-term unemployed person. In

this instance, the intervention can be seen to be concerned with ‘redistributing’ economic activity (i.e. to those long-term unemployed people, who would typically be expected to encounter greater difficulty in accessing job opportunities). This type of intervention is essentially concerned with redistributive objectives. In contrast, the example of the exporting programme set out above, however, was clearly focused upon increasing the overall level of economic activity within the defined area.

Economic efficiency, market failure and economic redistribution are important concepts that can help to provide a coherent rationale for public sector intervention. However, it is also recognised that the determination of these factors is not necessarily a straightforward matter. For example, economic development officers typically will not have precise information about the nature or extent of market failure. Whilst an element of judgement is, therefore, likely to be involved, having a solid rationale for intervention is of prime importance.

Useful publications relating to the rationale for intervention include that produced by OffPAT (Office of Project and Programme Advice and Training)

www.offpat.info/Download.aspx?PublicationFileID=3046

and by the UK Government Department for Communities and Local Government.

www.communities.gov.uk/publications/corporate/economicpaper1

HM Treasury ‘Green Book’

A cornerstone publication in the sphere of appraisal and evaluation is the HM Treasury ‘Green Book’, which was designed as a guide to help government departments and other public agencies appraise and evaluate their activities effectively. The ‘Green Book’ contains detailed technical guidance on how

to conduct an appraisal, including how to deal with issues such as risk, externalities and discounting. It suggests that policy makers should strive to identify, quantify and value the costs, benefits, risks and uncertainties associated with each competing option. In undertaking an appraisal, the publication highlights that the technical methodologies used in appraisal are frequently similar to those applied in evaluation work. For example, it suggests that each process ought to identify - and measure where possible - both the direct and indirect costs and benefits of the project, programme or policy. The key difference is that, where evaluation tends to be based on actual data, appraisal relies to a great extent upon forecasts and projections.

www.hm-treasury.gov.uk/data_greenbook_index.htm

Scottish Enterprise has developed detailed guidance on appraisal and evaluation.

www.scottish-enterprise.com/about-us/how-we-work/resources/impact-evaluations.aspx

The overall purpose of an appraisal system is to provide a framework that will help identify, develop and prioritise those projects that are likely to have the greatest sustainable impact. A common approach taken to appraisal systems is through the development of a checklist such as that highlighted in Section 3 of this Guide. Generally, this is an attempt to apply a more systematic approach to the development of new projects. It also provides a mechanism for improving the transparency, consistency and quality of decision-making regarding resource allocation. It should be noted that appraisal is not a substitute for making hard choices and decisions. Whilst appraisal cannot automatically provide ‘the right answer’, it can provide an essential input to more robust decision-making.

Finally, it is noted that devoting resources to the development of appraisal systems could potentially make a much more cost effective contribution to the improvement of economic development policy than directing resources

into evaluation. In practice, however, the two processes ought not to be seen as competing but instead, they ought to operate in tandem.

2.8 Economic Development Interventions

Common economic development interventions include the following:

Business start-up

Encouraging business formation is a key plank of economic development policy. Since assuming lead responsibility for Business Gateway in 2008, this has been an issue of increasing importance for Local Authorities. Support can be aimed at those considering start-up to help them make the transition or it can be delivered to new starts. Support can be provided across a wide range of core issues relating to creating a successful start-up, including the provision of information and advice on sales and marketing, finance, IT, taxation, employing staff, etc.

A key objective in this area of support is

Case Study

Lanarkshire Business Gateway

Lanarkshire Business Gateway has been identified as having particularly strong and effective governance, scrutiny and performance management arrangements involving two neighbouring Councils.

This is reflected in the fact that Lanarkshire has contributed a disproportionately high number of growth companies to the SE growth 'pipeline' and the DRM portfolio.

The single pan-Lanarkshire BG contract delivers efficiencies, reduces overheads and ensures consistency of support to local businesses.

Read the full case study, page 62.

to increase survival rates of new starts by helping them to become more robust.

Support is typically offered through a variety of means, including face-to-face delivery, web-based support and through a telephone helpline. Further information on business start-up and business growth is available from the Business Gateway website.

www.bgateway.com

Case Study

The Supplier Development Programme (SDP)

The SDP was set up to address the problem of SMEs not successfully winning contracts in the public sector procurement market.

It is a collaboration involving 23 Local Authorities as well as a range of other public and private sector partners. Considerable shared services economies of scale deliver significantly better value for money.

The Programme provides training and support that equips businesses to improve their approach to tendering. To date, over 5,000 businesses have actively benefited from the SDP's training, information and coaching support. This has already translated into £100m of business won by SDP-supported firms.

Read the full case study, page 56.

Business Development

The growth of existing businesses is another key function undertaken by Local Authority economic development services. Encouraging growth, productivity and competitiveness is a key objective, as this will lead to more secure jobs within the economy. Specific support programmes may include initiatives aimed at market development, exporting or more general internationalisation.

Case Study

Glasgow Credit Union Development

Support provided by Glasgow City Council has resulted in a major expansion of Credit Unions (CUs) across the city.

The establishment of a Strategic Development Group has provided a forum for Glasgow CUs to network, discuss common issues, exchange good practice and develop a support programme.

A range of practical support measures were put in place following a survey of needs. A key objective has been to encourage more efficient and effective working methods and to drive up the capacity and professionalism of CUs.

The support provided has resulted in a major membership growth over the past decade. From a base of only 3% of Glaswegians being members of credit unions, membership has grown significantly and currently stands at 22%.

Read the full case study, page 73.

Innovation is a key factor in determining growth prospects and a range of projects encourage innovation and research and development within SMEs, helping them to develop new and more competitive products, services and processes.

Developing businesses leadership is another important area of support, as having the right vision and ambition is likely to be a critical prerequisite for companies to grow and develop.

Provision of access to finance can help start-up and growing companies to expand.

Business efficiency programmes, such as 'Lean' can help companies to drive up their competitiveness by reducing waste and overheads.

Initiatives aimed at supply chain development and competing for public sector contracts

Case Study

Co-operative Development

Co-operative Development Scotland has a Scotland-wide remit for developing co-operative and employee owned enterprises.

Some research evidence suggests that a combination of shared ownership and employee participation can help to deliver enhanced business performance and sustainability.

There is now a growing interest in the extent to which public service co-operatives may, in some circumstances, provide an appropriate model for a range of services, such as children's centres and energy providers.

Read the full case study, page 75.

Case Study

West of Scotland Loan Fund (WSLF)

The WSLF provides loan finance to new and growing SMEs that experience difficulty raising finance from normal commercial sources due to risk aversion within the finance market. In this way, the Fund tackles that market failure, addresses the low levels of entrepreneurship and encourages the formation and growth of SMEs that create employment and wealth within the local economy.

Benefits of the WSLF include:

- By providing loan as opposed to grant funding, WSLF is a sustainable intervention.
- As a 'gap funder', WSLF invests only the minimum public sector support necessary.
- By operating across 12 Councils, WSLF achieves economies of scale and allows access to specialist finance staff.

Read the full case study, page 60.

have proven to be effective, through providing a range of 'Meet the Buyer' events, training programmes and advisory services.

Many of the same wide range of support programmes that can help SMEs are equally helpful for Social Enterprise development. In addition, a number of Councils will operate bespoke social economy support programmes, reflecting the importance of the sector, in terms of turnover and employees. Specialist agencies also operate providing support to the not-for profit sector.

Sector Development

Many Local Authorities promote particular sectors as part of their Economic Development Strategy. This also reflects the approach taken

Case Study

East Coast Renewables

Eight Local Authorities have developed an alliance in order to capitalise on the significant economic opportunities offered by the renewable energy sector.

The collaboration is intended to ensure that the Councils better co-ordinate their activities, agree priority areas for development and avoid duplication and overlap.

There is a clear recognition that, through collaboration, the overall benefit to Scotland will be substantially greater than what would be achieved by each individual Council promoting its own activities.

The development of this collaborative alliance is also designed to enable a more strategic approach, which will allow the East Coast Local Authorities to work in partnership with Scottish Enterprise and Scottish Development International to develop the renewable energy sector, and to promote the East Coast as a location for investment.

Read the full case study, page 54.

Case Study

Argyll and Bute Renewable Energy Action Plan

A Renewable Energy Action Plan has been developed by Argyll & Bute Council and Highlands & Islands Enterprise in conjunction with the local Community Planning Partnership. The Plan sets out the vision, priorities and key actions that will be taken to help develop this growth sector within the local area.

The document outlines the range of competitive advantages that Argyll & Bute has within the renewables sector and indicates a desire to build upon these key strengths.

The Action Plan sets out how the key players will work with local, national and European partners to promote development of the sector. Through this more strategic, joined up approach, the area will be better geared up to capitalise on the growth of this sector. Positive impacts are expected to arise in terms of job creation, skills development, business growth and wider social and economic benefits for local communities.

Read the full case study, page 71.

by the Scottish Government, the Enterprise Agencies and Skills Development Scotland.

Sectors are generally prioritised for support when they meet a number of criteria, such as:

- current importance (contribution to GVA and employment);
- future growth prospects (global growth rates and Scottish competitive strengths);
- particular areas of expertise/competitive advantage, including the potential to compete globally;
- the willingness of key players to collaborate; and
- the perceived ability of public agencies to make a difference in realising the sector's

potential (where the private sector alone could not achieve the same impact).

Examples of key sectors that are currently supported across Scotland include tourism, energy (including renewables), food and drink and life sciences.

As well as general business development support, specific sectoral interventions may include improving networking between businesses (and with other players) in the sector and building sector leadership. In developing bespoke support programmes for each sector, engagement of key players within each industry is vital to ensuring support offered is appropriate and relevant.

The tourism sector is of particular importance to a wide range of Local Authorities. Reflecting this, SLAED and VisitScotland is developing a National Framework and Partnership Minute of Agreement that will provide important context for each Council and which may help to develop a minimum standard of expectation concerning support provided across the country for this important growth sector.

Skills and Inclusion

Developing skills and employability and increasing economic participation is a major issue of concern for many Local Authorities. A wide range of initiatives are aimed at unemployed residents, which aim to increase educational attainment, tackle worklessness and barriers to employment. It is important to consider the range of barriers that may be preventing individuals from accessing the labour market. This may include challenges relating to skills and qualifications, work experience, childcare, transportation, confidence, debt management and benefits dependency. Joined-up and tailored support, which addresses all of the barriers experienced by individuals will be necessary to effectively tackle the problem and assist the individual into sustainable employment. It is also the case that Local Authorities should expect some element of failure rate

when working with particularly challenging client groups due to the multi-faceted and complex nature of the issues that require to be addressed.

Workforce development is another area of intervention, with a range of training and development programmes delivered to SMEs. Employer engagement is an important factor here. Liaison with employers and analysis of labour market information is also an important task in terms of ensuring good knowledge of current and future job opportunities.

Many Councils undertake a contract delivery role in administering national programmes on behalf of Skills Development Scotland or the Department for Work and Pensions. This is often carried out via a Council's in-house training division. In such circumstances, it is generally considered good practice that Councils should seek to operate such schemes on a commercial basis, in order not to lose public funding or cross-subsidise national programmes.

Physical Business Environment

Local Authorities have a major role to play in supporting the development of the physical business environment within their area. This can include a wide range of activities, such as the development of sites to provide readily available employment land for inward investors, the promotion of vacant sites and premises, including areas where the Council may be a direct provider of small business units.

Wider issues of connectivity include key transportation linkages within the Council area and to other parts of the country. Communications infrastructure is also of increasing importance to modern business and the Council may potentially have a range of roles to play with regard to this, including through its planning function. This may include ensuring access to high speed broadband, which is seen to have a key role to play as an economic driver.

Case Study

Amazon Inward Investment

In January 2011, Amazon UK Ltd formally announced its commitment to establish a one million sq ft fulfilment centre in Dunfermline, which will initially result in a minimum of 750 jobs being created.

The provision of a sustainable supply of employment land and high quality modern business infrastructure is a cornerstone of Fife's economic development strategy. Fife Council and Scottish Enterprise entered into a formal joint venture partnership, whereby the Council invested an equity stake in a number of key sites across Fife. The partners then presented the region as an excellent location in which to invest due to its access to a competitive and dedicated workforce, its transportation links and the availability of training and development support.

Fife Council and its partners worked closely on the Amazon project addressing a number of technical and legal challenges relating to planning, transportation and utility issues, all of which required to be resolved within extremely demanding timescales. An overall support package, including Regional Selective Assistance, infrastructure development and training and development support was also agreed.

The proposed £60m development will be the largest such facility in Europe. It is anticipated that it will have the capacity to employ up to 2000 people at peak times. In overall terms, therefore, the investment represents a major boost for both the local and national economy.

Read the full case study, page 58.

Town Centre Management

Town centre management/regeneration is a common type of intervention across the country. Traditional shopping patterns have changed in recent decades, driven by factors such as population change, the rise of car ownership and an increasing prevalence of

Case Study

Strathclyde Business Park

Strathclyde Business Park (SBP) was part of a broad programme of regeneration which aimed to address the lack of high quality industrial and business accommodation in Lanarkshire and improve the area's image as a business location.

Scottish Enterprise formed a joint venture agreement with a private developer to develop the site. In addition to initial remediation works and site servicing, a repayable loan facility provided initial development financing.

An independent evaluation assessed the overall economic impact and found that SBP had:-

Addressed a clear market failure and levered in private sector investment by sharing the development risk.

Generated net additional GVA of £137m and helped to create over 2,000 net additional jobs.

For every job created, not only was there no net cost to the public sector, but the public sector actually generated £1,547 for every job created. This was a direct result of the increased value of SBP as the park developed.

This represents exceptionally good value for money and provides an innovative model for sustainable investment in economic development.

Read the full case study, page 52.

out-of-town shopping malls. This has meant that the traditional economic rationale for many town centres has often been superseded. The challenge is to develop a new focus for town centres and a wide range of initiatives have grown up in recent years, including housing development, farmers' markets, an emphasis on entertainment, restaurants and leisure. Public realm work, a greater focus on events management and increasing specialisation (e.g. book towns) are

further examples of the types of responses that have been developed.

Councils, such as North Ayrshire, have sought to adopt a comprehensive framework to guide the development of their town centre regeneration activities. Specific initiatives within the North Ayrshire framework include retail and customer service skills training, shop front improvements, energy efficiency, destination marketing and physical improvements to town centres.

Business Improvement Districts (BIDs) have also emerged in recent years in response to town centre regeneration challenges. BIDs typically draw in private sector investment from local businesses and undertake a range of improvement activities. Further information on BIDs is available from the BIDs Scotland website (www.bids-scotland.com).

Marketing

Many areas undertake a range of branding and marketing initiatives and events management to help promote their area.

Choices concerning the most suitable mix of interventions will depend on a range of factors, including the priority issues identified in the Economic Profile, the resources available, the roles and priorities of various partners, etc. For example, whilst a semi-rural Local Authority area may prioritise issues such as connectivity, diversification of the business base and addressing population decline, the priorities of an urban Local Authority may focus more on issues such as town centre regeneration, worklessness or business start-up. The Economic Profile and Economic Strategy can help to guide choices and provide a solid evidence base for helping to prioritise the appropriate focus. But ultimately, choices require to be made by officers and Elected Members. Robust appraisal and an assessment of strategic fit of any potential intervention will help to guide decision-making.

Such choices ought to be based on a robust

assessment of what is likely to deliver the desired impact and provide good value for money. Ideally, a range of policy options will be appraised before decisions are taken to embark on a particular intervention. In this respect, it is also important to bear in mind that a 'do nothing' option may be appropriate and could be seen as a positive decision insofar as it could help to free up scarce resources for use in a different area.

Robust, front-end appraisal requires a relatively small investment of time, but can also reap considerable rewards for economic development practitioners. Applied properly, appraisal can help to assess the likely impact of a range of options, anticipate potential problems and identify areas for strengthening project proposals. Identifying potentially major difficulties at the outset can also lead

Case Study

West Coast Golf Links

The West Coast Golf Links project is an international marketing initiative, focused upon the world class golfing product that Ayrshire has to offer. It brings together a number of key partners to develop a coherent tourism offering, based upon Ayrshire's links golf courses.

By linking a variety of golf courses, tour operators and accommodation providers, the project presents a comprehensive golf tourism offering to the international market. By working together in partnership across the whole region, the various partners are able to deliver more than could be achieved by each focusing on individual elements.

This has helped to increase overall visitor numbers, extend the average length of visits and increase the average amount spent. The joined-up regional approach and the focus upon a key growth sector have been key factors that have allowed the project to secure European funding

Read the full case study, page 69.

to a project being discarded at the appraisal stage, prior to implementation and before significant resources had been expended on it.

The overall purpose of an appraisal system is to provide a framework that will help identify, develop and prioritise those projects and interventions that are likely to have the greatest sustainable impact. A common approach taken to appraisal systems is through the development of a checklist, which helps encourage a systematic approach to the development and approval of new projects. It may also be seen as a mechanism for improving the transparency, consistency and quality of decision-making regarding resource allocation.

As well as providing a rational basis for decision-making on potential new projects, a similar checklist can also be applied in reviewing existing projects and programmes.

The appraisal checklist included in Section 3 of the Guide sets out a summary of issues to be considered. Whilst the list is not exhaustive, it provides a useful indication of the types of areas that policy makers ideally ought to be familiar with in order to maximise the impact of economic development projects. The absence of a disciplined mechanism potentially could expose the Economic Development Service to the danger of developing weak projects which generate negligible impact on the economy and represent poor value for money.

The establishment of appraisal procedures, which systematically force project initiators to focus upon fundamental aspects of project design, such as those outlined above, can potentially bring a greater degree of discipline and rigour to the manner in which projects are developed.

2.9 Monitoring and Evaluation

Once an economic development project is being implemented, regular ongoing monitoring should be undertaken to ensure

that it remains on course to achieve its objectives and targets. Systematic analysis of monitoring data can identify instances where a project is found to be under-performing or failing to achieve the desired effect. Proper input into the monitoring process should trigger management intervention in order to assess the issues that are leading to under-performance. This may then result in a variety of responses, ranging from decisions being taken to terminate the project, to re-directing aspects of its operation in order to improve its impact. Monitoring may also highlight that a project is performing better than expected and this may trigger discussion concerning a range of potential responses, including extending the project, reducing the level of resources required, etc.

Generally, monitoring is seen as a process that takes place between the stages of appraisal and more in-depth evaluation. Usually it is undertaken after a project has been appraised and given approval to commence, but prior to the undertaking of an in-depth evaluation. *(A detailed evaluation would usually only be possible once a project has been operating for a reasonable period of time, when issues such as time-lags in impact, for example, are likely to become less problematic).*

Projects are usually monitored against a series of targets, which ought to be set at the outset of the project and which, generally, reflect the objectives of the project. The HM Treasury 'Green Book' suggests that targets should ideally seek to be as SMART (Specific, Measurable, Agreed, Realistic and Time-bound) as is possible and appropriate.

Monitoring of key performance indicators - agreed at the outset - should be undertaken on a regular basis. The frequency may be weekly, monthly, quarterly, etc - dependent upon a range of factors, including the nature of the project, perceived risk levels, etc. The Monitoring and Evaluation Framework should also have clarity regarding reporting arrangements and accountability, including which stakeholders should have access to reporting. This will help to ensure

transparency and that corrective action is taken when required.

SLAED Indicators Framework

SLAED has developed a suite of indicators for use across Scottish Local Authority Economic Development services.

www.slaed.org.uk/

The purpose of the SLAED framework is to develop good practice and encourage consistency of measurement across the country. Local Authority Economic Development services are encouraged to utilise this resource.

A 'Menu of Local Outcome Indicators' and an accompanying 'Good Practice Note' has been developed as part of a major Scotland-wide, cross-sectoral project. The outputs from this work include guidance on various technical issues relating to baselines, indicator selection, target-setting, etc.

www.improvementservice.org.uk/local-outcome-indicators/

The Improvement Service has also published a Learning Point paper setting out a range of issues concerning 'Outcome focused targets'.

www.scotland.gov.uk/Resource/

[Doc/1031/0100897.pdf](#)

Monitoring data should be gathered systematically and used to review progress made towards the achievement of key targets. This information should be used to facilitate strategic discussion concerning progress and may, for example, be a basis to identify whether corrective action is required when a programme is under-achieving.

Evaluation

Evaluation tends to refer to a more in-depth assessment of a programme, typically including detailed analysis of net additional impact, an assessment of costs and benefits and overall value for money. The key questions that an evaluation ought to address are concerned with what difference an intervention made, whether there was a net additional impact and whether it represented good value for money when comparing costs to benefits. In-depth evaluation should also consider the rationale for intervention and assess the extent to which the intervention has, for example, helped to 'address the market failure' and whether there is evidence of market adjustment having taken place. A good evaluation study will also assess whether a project ought to continue and whether there are potential areas for improvement.

A key point in evaluation is that the process provides an opportunity to learn from



experience and it is important that agreed findings from evaluation studies are acted upon in order to influence the re-design of future interventions.

A range of technical challenges exist in relating to monitoring and evaluation. This includes dealing appropriately and consistently with matters such as additionality, deadweight, displacement, substitution, multipliers, time lags, sustainability and the apportionment of costs. Besides technical issues, evaluations can often be influenced by a range of political and behavioural factors. The consequence of all of this is that it can be extremely difficult to compare the benefits and disbenefits of any two interventions, as matters such as comparative value for money may be as much due to the application of different evaluation methodologies, rather than just the intrinsic value of the respective interventions.

In an attempt to standardise and improve consistency in evaluation methodologies, Scottish Enterprise has developed detailed guidance on economic development evaluation.

www.scottish-enterprise.com/about-us/how-we-work/resources/impact-evaluations.aspx

As mentioned earlier in the Guide, SE has also developed the Evaluations Online database. Local Authority Economic Development Services are encouraged both to utilise this resource and to add their own evaluation studies to it.

www.evaluationsonline.org.uk

State Aid Compliance

In developing any economic development intervention, consideration requires to be given at an early stage to ensuring that it will comply with State Aid regulations. This is designed to ensure open competition across EU member states and to avoid geographic areas and companies obtaining unfair

competitive advantage as a result of public sector support.

Many Local Authority support schemes are carried out in terms of the 'General Block Exemption Regulation' and Local Authorities have notified three general aid schemes, covering:

- training and employment of disadvantaged/disabled workers;
- regional/SME investment and employment and;
- consultancy/research and development.

State Aid compliance is an important consideration and, where there is any doubt, technical support and advice can be obtained from the Scottish Government's State Aid Unit.

www.stateaidscotland.gov.uk

[email: stateaid@scotland.gsi.gov.uk](mailto:stateaid@scotland.gsi.gov.uk)

Information on state aids, including details of the local authority block exemptions, can be found on the SLAED website.

www.slaed.org.uk/index.php/state-aidlegal-requirements

2.10 Summary

This section of the Guide has considered, in turn, a range of key components that make for effective economic development. The inter-relationship between the different elements has also been highlighted. In addition to the information contained within the Guide itself, this Section has also included a range of linkages to more detailed support materials that can be accessed.

The next Section of the Guide will now turn to a series of practical, self-assessment checklists.



3. Self-Assessment Checklists

3.1 Purpose of Self-Assessment Checklists

This section contains a series of checklists, which set out important questions to consider relating to each of the key components of economic development. For Local Authorities that have signed up to the Public Service Improvement Framework, the key points contained within each checklist have been incorporated within the separate PSIF Facilitators' Guidance.

For those Councils that do not participate in PSIF, the self-assessment checklists contained within this section provide a quick and accessible aide memoire, covering key points that ought to be considered when reviewing each of the key elements of economic development. When using the checklists in this manner, it is important that the issues raised are considered fully by those undertaking the review in order to identify areas of strength, areas of weakness and scope for improvement. As highlighted within the main body of the Guide, this process may involve utilising an independent facilitator, establishing a peer review panel or benchmarking performance against that of a suitable comparator.

The main purpose of the checklists, therefore, is to help stimulate discussion on key issues,

with a view to identifying improvement actions that can be implemented. It is emphasised that the issues highlighted in the checklists are intended to act as a starting point for stimulating discussion. Relevant evidence and analysis will be vital to ensure that improvement actions are identified, based not just on the opinion of reviewers, but also with reference to a factual evidence base.

The checklists have been designed to be used in a flexible way. So, a comprehensive review could involve utilising all of the checklists. Equally, a review may simply focus on one particular element. When the latter approach is being taken, clearly common sense matters also require to be considered. For example, this can be illustrated by the fact that there would be little point in having a highly sophisticated Economic Profile or Economic Strategy, if they did not actually influence the development and delivery of interventions/ outcomes.

1. Economic Profile - Self-Assessment Checklist

There is a robust and up to date Economic Profile for the local economy.
The profile includes a mix of economic, social, environmental and other relevant data.
The profile includes analysis, interpretation and commentary setting out the implications of the data.
The key factors that affect economic performance are well understood.
The position of the local economy in relation to regional, national and international linkages is well understood.
The profile includes analysis of any key points of data diversity within the area, including relevant information on small geographic areas and population sub-groups, which may benefit from targeted support.
As well as highlighting problems and challenges, the profile also identifies strengths and potential opportunities.
The Economic Profile includes a clear summary of the major issues affecting the local economy.
In compiling the economic profile, input was obtained from a wide range of partners and stakeholders.
There are good mechanisms in place for picking up emerging issues that affect the local economy and for updating the Economic Profile to take account of these.
The Economic Profile acts as a robust baseline for measuring subsequent change in the local economy.
The Economic Profile helps to stimulate discussion on what ought to be the key outcomes to be progressed.
There is a shared consensus regarding the priority issues set out within the Economic Profile.

2. Economic Strategy - Self-Assessment Checklist

The Economic Strategy includes a clear statement of vision regarding the key outcomes desired and the changes and improvements that are sought within the local economy (The vision and changes sought are ambitious but not unrealistic).
The priorities of the Economic Strategy reflect the key issues highlighted in the Economic Profile.
There is a clear and robust rationale for any of the planned interventions set out with the Economic Strategy.
<p>The Economic Strategy includes an Action Plan, which sets out a clear description of each action area including:</p> <ul style="list-style-type: none"> • what is to be done; • who is responsible; • resources required; • how progress will be assessed.
The content of the Economic Strategy complements and adds value to other relevant strategies and plans.
The Economic Strategy considers opportunities for larger scale interventions, including those that may operate across traditional boundaries.
The Economic Strategy has been developed in a manner that encouraged robust debate concerning priorities, actions, etc.
The Economic Strategy has been shaped via appropriate engagement and consultation with relevant stakeholders.
The Economic Strategy has been signed off by appropriate stakeholders in accordance with the relevant governance arrangements.
The Economic Strategy actually influences the plans, policies and resource allocation processes of relevant stakeholders.
The Economic Strategy includes appropriate targets and milestones, which are clear, relevant and ambitious.
Emerging factors that may influence the Economic Strategy are kept under regular review.
Progress in delivering the Economic Strategy is monitored and reviewed by relevant stakeholders.

3. Appraising Economic Development Interventions - Self-Assessment Checklist

<p>There is a clear rationale for developing the project, which is founded upon basic principles of economic development theory (e.g. addressing market failure).</p>
<p>The intervention is designed to address the root causes of the identified problem / market failure (rather than simply treat the symptoms).</p>
<p>The nature of the problem that the proposed project is seeking to address is fully understood.</p>
<p>There is evidence of this type of intervention being successful and cost effective.</p>
<p>Consideration has been given to alternative options for addressing the problem(s).</p>
<p>Consideration has been given to undertaking larger scale interventions, including those that may operate across traditional boundaries.</p>
<p>There is likely to be sustainable, lasting benefits from the project.</p>
<p>Consideration has been given to how the intervention will impact on or ought to be targeted towards particular locales or population sub-groups.</p>
<p>It is clear where the proposed new project fits in, so that it complements existing provision and avoids duplicating other projects (e.g. those operated by the private sector, by the Council or by other public agencies).</p>
<p>A clearly identified baseline position has been established, which can assist in subsequently assessing the impact of the project.</p>
<p>Realistic targets have been set in terms of key indicators of success, which will also assist in subsequently monitoring and evaluating the impact of agreed interventions.</p>
<p>Consideration has been given to monitoring and evaluation of the project and robust arrangements for this will be put in place.</p>
<p>The optimal level of external funding and partner contributions has been obtained.</p>
<p>Due consideration has been given to ensure that all State Aids regulations have been adhered to.</p>
<p>There is a clear 'exit strategy' for the intervention, when it will have achieved its objectives and will no longer be required.</p>

4. Assessing the Council's Corporate Economic Potential - Self-Assessment Checklist

The Economic Strategy reflects the full economic potential of the Council.
The Council optimises impact on the local economy, as far as is possible, via its procurement policies.
The Council optimises impact on the local economy, as far as is possible, via its recruitment/ redundancy policies.
The Council has taken a joined-up, corporate approach to reviewing and streamlining, where appropriate, the way that it interacts with the business community.
The Council has reviewed its services and functions to ensure that they operate in a way that optimises economic impact. (e.g. including functions such as Education, Planning, Licensing, Trading Standards, etc). This may include consideration of the use of Council owned properties and other assets, application of rates relief, etc (e.g. see Glasgow Credit Union Case Study).
The Council has benchmarked its approach to maximising its economic impact against best practice examples.
Each of the partners involved in the Community Planning Partnership have reviewed the potential to maximise their economic impact.
Consideration has been given to how the Council may undertake larger scale interventions and approaches, including those that may operate across individual organisational and traditional geographic boundaries.

5. Assessing the Monitoring and Evaluation system - Self-Assessment Checklist

The Economic Development service has an agreed set of targets, which clearly reflect its priority outcomes.
The indicators and targets used by the economic development service are consistent with those agreed by SLAED.
The targets set for the economic development service are as 'SMART' as is appropriate/ reasonably possible.
A robust baseline has been set, from which to measure subsequent progress.
The targets set for the economic development service are ambitious/stretching.
There is an efficient and robust system in place for recording progress made towards the achievement of outcome targets and the inputs, activities, outputs that contribute towards them.
The Economic Development service regularly reviews progress made against key targets. (And there is clarity regarding who is responsible for reporting progress, the regularity of reporting, etc.)
The performance information considered by the economic development service is timely, relevant and provides a good measure of progress.
Monitoring data and progress is considered by relevant managers and stakeholders and the information is used to spark discussion and <u>actively manage</u> delivery.
Monitoring and evaluation reporting is undertaken in an open manner that encourages constructive discussion and challenge amongst managers and stakeholders.
Monitoring and evaluation activities are undertaken in a robust and consistent manner.
The resources devoted to monitoring and evaluation are proportionate.
Learning accrued from monitoring and evaluation is captured and used to influence the re-design of strategy, policy and interventions.
Clear briefs are developed for any evaluation studies to ensure that they are methodologically robust and that they consider key issues such as market adjustment achieved.
Evaluation studies are conducted in a transparent manner.
Evaluation studies are shared with relevant stakeholders. Encouragement is also given to share studies with wider stakeholders via websites such as Evaluations Online.

6. Economic Development Partnerships Checklist

Introduction

The Improvement Service has developed a Partnership Checklist Survey Tool, which is designed to help partnerships to maximise their impact and review the extent to which they are 'outcome focused'. The Partnership Checklist Survey Tool has been tested in a number of contexts and has been found to be useful in identifying improvement actions. The Partnership Checklist has been adapted here for use in Economic Development Partnerships. The Partnership Checklist approach has been designed to act as a 'can-opener' to facilitate discussion and to quickly identify potential improvement actions. A longer-term, more comprehensive and more resource intensive approach to continuous improvement has been developed under the Public Service Improvement Framework (PSIF).

The way that the tool has been deployed has been to issue the list of questions as an online survey to all members of a partnership. The results of the survey are then analysed and sent to group members. A workshop is then held to work through the issues identified in the survey. This workshop is independently facilitated and a key benefit is that the facilitators are able to quickly focus discussion on the issues that the partnership members themselves have identified as being of importance.

The workshop then focuses discussion on teasing out what the key issues are and in identifying potential solutions/improvement actions. These are captured in a workshop write-up and subsequent report. Members of the partnership (and, where appropriate, others) are then charged with implementing the identified improvement actions.

The partnership survey and introductory text are reproduced below in full so that they can be used by economic development partnerships. Advice and support on undertaking a review of this kind is available from the Improvement Service.

Purpose of Partnership Survey

This Checklist has been developed to encourage economic development partnerships to critically review their 'fitness for purpose' in addressing shared outcomes.

It is intended that the Checklist should be used to survey the views of those involved in the economic development partnership with regard to:-

- assessing how effective partnership working currently is; and
- identifying areas where there may be scope for improvement and for further strengthening the impact of the partnership's work.

Focus of Partnership Survey

The survey asks those involved in the economic development partnership about their experience of partnership working.

The questions that the survey focuses upon are derived from research evidence and good

practice concerning what makes for effective, outcome-focused partnership working.

The survey is fairly detailed in order to help gain a deep understanding of how the economic development partnership is working and where there may be scope to strengthen.

The questionnaire should take approximately 30 minutes to complete.

The Economic Development Partnership Checklist sets out a number of statements concerning partnership working. Based on their experience of involvement within the economic development partnership, respondents are invited to rate the extent to which they agree/ disagree with each statement.

Respondents should score each question against the undernoted scale:

Strongly Disagree		Neither Agree nor Disagree		Strongly Agree		Not Applicable		Don't Know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

The 'Not Applicable' option should be used when the respondent feels the particular statement does not apply to the partnership.

The 'Don't Know' option should be used when the respondent feels that they do not have sufficient information about the particular statement to enable them to make a judgement. At the end of each section there is a 'comments' box and respondents are invited to provide any additional information that is relevant or to elaborate on specific issues that they think require attention.

All survey responses will be anonymous and will not be attributed to individual respondents.

The intention is that the survey should be completed by each individual involved in the economic development partnership. Survey findings should then be analysed and a short report compiled setting out the responses and comments. This report should then be used as the basis for facilitating a structured discussion of the partners, with a clear focus on agreeing issues to be addressed and setting out an improvement action plan.

The overall purpose is to help the economic development partnership identify improvement actions that can result in more effective working and in the achievement of enhanced outcomes. The following sets out the full partnership survey questionnaire. A slimmed down version of this can be developed, tailored to the needs of individual partnerships.

Section A - Partnership Remit, Structure, Membership, and Meetings

- ✓ The economic development partnership has a clear and unambiguous remit.
- ✓ Each of the individual organisations involved in the economic development partnership has a clear role and an agreed understanding of what is expected of them.
- ✓ Each of the individual organisations involved in the economic development partnership 'adds value' in what they bring to the partnership in terms of contributing to the priority outcomes.
- ✓ By working together, the economic development partnership achieves more than could otherwise be achieved operating as individual organisations.
- ✓ The key organisations that can contribute to achieving the economic development partnership's priority outcomes are involved and there is no obvious partner missing.
- ✓ The size of the economic development partnership/number of organisations involved is of an appropriate size to facilitate the effective functioning of the meetings.
- ✓ Economic development partnership meetings are usually well attended.
- ✓ Economic development partnership meetings are well organised, effective and a good use of time.
- ✓ Economic development partnership meetings have a clear agenda, papers circulated in advance of meetings and accurate minutes taken.
- ✓ Economic development partnership meetings are well chaired.
- ✓ There is reasonable continuity of input from individual partners (i.e. representatives of partner organisations do not continuously change).
- ✓ There is clarity about the role that the economic development partnership plays within the overall Community Planning Partnership.
- ✓ The structures and responsibilities of the economic development partnership do not result in unhelpful overlap and duplication with other elements of the Community Planning Partnership.
- ✓ The economic development partnership has strong and effective leadership.
- ✓ The overall culture of the economic development partnership and the behaviours typically displayed by individual members demonstrate a commitment to work together effectively.
- ✓ Economic development partnership meetings take place within a positive spirit of transparency, openness and trust.
- ✓ The individuals involved in the economic development partnership offer constructive criticism and regularly challenge each other and the partnership as a whole to 'do more and increase their impact'.

Section B - Outcomes Focus

- ✓ The economic development partnership has a clear statement of the priority outcomes that it is focusing upon (i.e. the difference that it ultimately aims to make within the community).
- ✓ There is a genuinely shared commitment to the achievement of the priority outcomes amongst all stakeholders involved in the economic development partnership.
- ✓ The economic development partnership's priority outcomes are reflected clearly in the Community Planning Partnership Single Outcome Agreement and/or Community Plan.
- ✓ The economic development partnership's priority outcomes are reflected clearly in the strategic and operational plans of my own organisation.
- ✓ The economic development partnership's priority outcomes are reflected clearly in the strategic and operational plans of the other key partners.
- ✓ The economic development partnership's priority outcomes are reflected clearly in the resource allocation processes/decisions made by my organisation (including decision-making about resource reductions).
- ✓ The economic development partnership's priority outcomes are reflected clearly in the resource allocation processes/decisions made by the other partner organisations (including decision-making about resource reductions).
- ✓ The economic development partnership actively encourages innovation concerning the best ways to address priority outcomes.

Section C - Informed by Evidence

- ✓ The economic development partnership has used the available evidence base (including data, research, evaluation reports, etc) to develop a good understanding of the key issues/challenges/opportunities within its area of focus.
- ✓ The economic development partnership has effective engagement mechanisms for understanding the needs of its key client group(s).
- ✓ Feedback from client groups influences the priority outcomes, the activities undertaken and the way that activities are delivered.
- ✓ The economic development partnership draws upon research and evaluation evidence to inform its understanding of which interventions represent good value for money and make a tangible difference to achieving priority outcomes
- ✓ The economic development partnership has effectively prioritised the key outcomes that it is focusing upon (e.g. as opposed to 'spreading the jam too thinly' across a large number of outcomes).

Section D - Delivery Arrangements

- ✓ Using the agreed priority outcomes as a starting point, the economic development partnership has identified and prioritised the key activities and interventions that will make the greatest contribution to achieving the priority outcomes.
- ✓ The economic development partnership has developed a useful, outcome-focused action plan for achieving the priority outcomes.
- ✓ The individuals involved in the economic development partnership are sufficiently empowered and influential to significantly progress the key issues.
- ✓ The economic development partnership is appropriately resourced relative to the outcomes that it seeks to deliver.
- ✓ The key focus of the economic development partnership's activities is upon addressing the root causes of the issues that it has prioritised (for example, by focusing on early intervention/preventive measures).

Section E - Performance Management and Reporting

- ✓ The economic development partnership has an agreed set of targets, which clearly reflect its priority outcomes.
- ✓ The indicators and targets used by the economic development partnership are consistent with those agreed by SLAED.
- ✓ The targets set for the economic development partnership are as 'SMART' as is appropriate/reasonably possible.
- ✓ The targets set for the economic development partnership are ambitious/stretching.
- ✓ There is an efficient and robust system in place for recording progress made towards the achievement of outcome targets and the inputs, activities and outputs that contribute towards them.

- ✓ The economic development partnership regularly reviews progress made against key targets.
- ✓ The performance information considered by the economic development partnership is timely, relevant and provides a good measure of progress.
- ✓ The economic development partnership actively uses performance information to facilitate constructive strategic discussion and, where required, to instigate corrective action in order to address under-performance against key targets.
- ✓ The economic development partnership's action plan acts as a strong basis for accountability and challenge due to it clearly identifying individual partner inputs, actions, responsibilities and delivery timescales.
- ✓ There is a publicly available performance report, setting out the economic development partnership's progress (including successes and failures) against its key outcomes, which is published on at least an annual basis.
- ✓ There is a clear reporting linkage between the economic development partnership and the overall Community Planning Partnership Board.
- ✓ There is a clear performance reporting linkage between the economic development partnership and each of the individual partner organisations.
- ✓ Key decisions of the economic development partnership are reported back to affected stakeholders in each partner organisations.
- ✓ The economic development partnership has effective mechanisms for communicating and engaging with key stakeholders/clients.
- ✓ The economic development partnership has an effective mechanism in place for managing collective risks.



4. Case Studies

4.1 Purpose of the Case Studies

The Case Studies are intended to highlight good practice and innovative thinking across various aspects of economic development. Short excerpts from the case studies are peppered throughout the Guide and the detailed Case Studies are set out within this Section. Each case study includes a link for further details.

Strathclyde Business Park

Background

Developed on a 155 acre site which included a former coal bing, Strathclyde Business Park (SBP) has emerged as one of Scotland's leading prestige business locations.

The types of businesses and jobs located within the park have made a significant contribution to the economic restructuring of the Lanarkshire economy.

The innovative and sustainable funding model used to develop SBP represents exceptional value for money.

This case study summarises the approach taken and the key benefits that have arisen from SBP.

Organisation

With development work commencing in the early 1990s, Strathclyde Business Park was part of a broad programme of regeneration which aimed to address the lack of high quality industrial and business accommodation in Lanarkshire and improve the area's image as a business location

Acknowledging the severe shortage of high



STRATHCLYDE
BUSINESS PARK

amenity employment sites in Lanarkshire, early public sector investment by the then Lanarkshire Development Agency (LDA) (now Scottish Enterprise) aimed to remediate designated land and make it available for development. Recognising the long standing failure of the private sector to invest in new provision, the Agency supported the use of financial incentives from the public purse to help service sites for new development in conjunction with private sector partners. In this way, a joint venture agreement with a private developer led to the development of SBP. In addition to initial remediation works and site servicing, a repayable loan facility from LDA provided initial development financing.

Key factors in building confidence in the development included:-

- the establishment of a sound joint venture with a private developer;



- a long term financial commitment to developing the site;
- a fundamentally sound location for the business park; and
- a commitment to a high quality business environment and a strong management regime in place within the JV to enforce this.

SBP offered a combination of flexible, quality business and industrial accommodation in a high quality landscaped environment. In particular, property development within SBP was designed to target headquarter operations, high technology businesses and other prestige operations.

SBP has helped to ensure that new high quality office buildings have been made available to contribute to the successful regeneration of Lanarkshire. Without tackling the clear market failure that existed and addressing the supply of appropriate land and property, such regeneration would not have taken place within the timeframe that it did.

Key Benefits

An independent evaluation assessed the overall economic impact of SBP and found that it had performed well and achieved most of its original objectives.

In addressing a clear market failure, SBP levered in private sector investment by sharing the development risk. In more general terms, the targeting of high quality businesses made a significant contribution to the diversification of the industrial and occupational base and helped restructure the Lanarkshire economy following the post-1980s recession.

The project was estimated to have generated net additional GVA of £137m and helped to create over 2,000 net additional jobs (Scottish level, 2004 prices).

Repayment to the public sector of the loan element of SBP development financing resulted in a net additional cost per job of -£1,547 (Scottish level), i.e. net of receipts, for every job created, not only was there no net cost to the public sector, but the public sector actually generated £1,547 for every job created. This was a direct result of the increased value of SBP as the park developed. Clearly, this represents exceptionally good value for money and provides an innovative model for sustainable investment in economic development.

There are currently over 240 companies on site at the park, employing in excess of 6,200 staff. Recent addition and expansions at the Park include three energy sector companies, Gamesa, a leading Spanish wind-turbine design and manufacturer, Wood Group PSN, the consultancy wing of the engineering giant Wood Group, and FMC Technologies Sub-sea technology development centre.

Further information:

www.evaluationsonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=47

East Coast Renewables

Background

Eight Local Authorities have developed an alliance, whereby they will seek to collaborate across a range of areas, with a view to successfully capitalising on the significant economic opportunities offered by the emerging renewable energy sector.

This case study sets out the approach taken, the main areas of activity and the anticipated benefits of collaboration.

Organisation

A memorandum of understanding has been developed to demonstrate the commitment of eight Local Authorities, based around Scotland's east coast, to work together in order that they may benefit from the developing renewables sector. The collaboration is intended to ensure that the Councils better co-ordinate their activities, agree priority areas for development and avoid duplication and overlap.

In addition to the eight east coast Councils, a number of additional Local Authorities, universities and colleges, coastal land owners and national agencies have also expressed an interest in being involved in the alliance. Membership of the alliance may, therefore, be expanded in the future.



Whilst the memorandum of understanding is not legally binding, it represents a clear undertaking to collaborate across a range of key areas of activity that are considered essential to the development of the sector. The key areas of activity include:

- industry research and knowledge exchange, including development of a calendar of events;
- supply chain development, including mapping of linkages, identification of gaps and business development support;
- skills development, including identification of needs and development of training infrastructure;
- infrastructure and facilities development;
- internationalisation, including work with SDI to promote Scottish renewables sector companies globally;
- R&D and commercialisation activities, including business - academia collaboration, building upon existing



Knowledge Transfer Partnerships and similar activities;

- co-ordinated regional promotion and marketing;
- exploration of external funding opportunities;
- policy and strategy development, including influencing the national agenda through joint responses to emerging strategy and policy papers.

An East Coast Renewables Strategic Board will oversee and guide the specific activities of the initiative. A subscription-based model will be explored to fund activities in 2011 and beyond.

Key Benefits

Whilst an element of competition may exist between Scottish Local Authorities for specific renewables projects, there is a clear recognition that through collaboration, the overall benefit to Scotland will be substantially greater than that which could be achieved through each individual Council promoting its own activities in the renewable energy sphere. It is also a tacit recognition that competition for attracting projects and investment in this area, lies not just between different areas within Scotland, but with areas across the UK, Europe and beyond. Building a critical mass and developing a coherent strategic approach will be vital to ensuring Scotland can capitalise fully on its strengths within this growth sector.

The development of this collaborative alliance is also designed to enable a more strategic approach, which will allow the east coast Local Authorities to work in partnership with Scottish Enterprise and Scottish Development International to develop the renewable energy sector, and to promote the east coast as a location for investment.

Further information:

www.communities.idea.gov.uk/comm/landing-home.do?id=7988511

www.allmediascotland.com/media_releases/26401/east-coast-renewables-an-alliance-for-the-future

Supplier Development Programme

Background

The Supplier Development Programme (SDP) is a highly successful business support initiative, which has a proven track record in helping local businesses win more tenders.

The public sector in Scotland spends c.£8bn p.a. on procuring goods and services externally. But bidding for public sector contracts can be demanding and many companies are unfamiliar with the tendering requirements and bidding processes. This often leads to disappointment and frustration and can put many companies off tendering for contracts.

The SDP was set up in 2005 after a business needs survey had identified the issue of this apparent market failure. It sought to address the problem whereby many of the country's SMEs and third sector organisations were not successfully engaging and winning business in the public sector procurement market.

Organisation

The Programme offers a range of practical support and expertise, including:

- guide to procurement seminars;
- tender writing training courses;
- policy workshops (e.g. supporting firms to introduce or update their policies on equality and diversity, environment, quality management and health and safety);
- 'Meet the Buyer' and other exhibitions and events, which provide a platform for businesses interested in competing for public sector contracts to meet with the key local and national buyers and to gain a better understanding of their requirements.

The overall SDP package provides a programme of free training and support that informs, educates and equips businesses to maximise their market potential and improve their chances of being successful in any tender process.

The connections and networks that the SDP has developed benefits businesses by giving them access to buyers from across the participating Scottish public sector (and increasingly private sector). Current successes are being achieved in 2014 Commonwealth Games and the new Glasgow Southern General hospital projects.



To date, over 5,000 businesses have actively benefited from the SDP's training, information and coaching support. This has already translated into over £100m of business won by SDP-supported firms.

Key Benefits

The SDP is led by Glasgow City Council and has expanded to include 23 Local Authorities, as well as a range of other public and private sector partners. The Local Authority partners contribute towards the operating costs. It is intended that the programme will continue to expand to cover all 32 Councils in the near future. The key benefits of this joined-up approach to delivering a major SME support programme include:

- Operating at a level of critical mass, which facilitates the development of significant working relationships with business support organisations, procurement specialists and Scottish Government. These relationships and this scale of operation significantly increase the range of opportunities available to participating businesses. They also generate a level of influence that can help streamline procurement processes, making it easier for local businesses to compete.
- A centralised marketing and web information support, which allows for consistency of messaging to businesses whilst supporting local area delivery.
- Considerable shared services economies of scale, delivering better value for money for each partner authority.
- The ability to draw upon experience of delivering the programme across a wide area in order to undertake continuous improvement and refinement, aimed at maximising the Programme's impact.

Further information:

www.sdpscotland.co.uk

Amazon Inward Investment

Background

In January 2011, Amazon UK Ltd formally announced its commitment to establish a one million sq ft fulfilment centre in Dunfermline, which will initially result in a minimum of 750 jobs being created.

This case study sets out the background, key activities and support that helped secure this major investment for Fife

Organisation

The provision of a sustainable supply of employment land and high quality modern business infrastructure is a cornerstone of Fife's economic development strategy. It is recognised that such assets play a significant role in attracting investment from indigenous or start-up companies, as well as from companies seeking to invest in Fife from other UK or international locations.

In 2008, following the restructuring of the Enterprise Networks, Local Authorities assumed the lead role for local regeneration. Following these changes, Fife Council and Scottish Enterprise entered into a formal joint venture partnership, whereby the Council invested an equity stake in a number of key sites



across Fife. This ensured that the Council would have an active participation in the future development and disposal of those key sites, with a view to maximising the economic development, job creation and regeneration benefits.

When individual sites are disposed of to suitable investors, the Council has further committed to re-invest its share of the sales proceeds into the development of the remaining sites, including roads, drainage and other utilities infrastructure. Again, the intention is to further enhance the attractiveness of those sites to investors, with a view to maximising the job creation and wider economic development benefits.

Following conclusion of the key sites partnership agreement, Fife Council, Scottish Enterprise (SE) and Scottish Development International (SDI) were involved in high level discussions with Amazon UK Limited, which had expressed an interest in securing a site in Fife for the purposes of developing a major distribution warehouse/customer fulfilment centre.



These discussions entailed putting forward the best case possible for both Scotland and Fife, presenting the region as an excellent location in which to invest due to its access to a competitive and dedicated workforce, its transportation links and the availability of training and development support.

Fife Council, SE, SDI and the Scottish Government worked closely throughout the process in order to resolve a number of technical and legal challenges relating to planning, transportation and utility issues, all of which required to be resolved within extremely demanding timescales. This also required close partnership working across a wider range of public authorities and statutory utility companies. Throughout the process, the key agencies used their resources and networks to the best advantage to ensure that any issues were resolved effectively and efficiently, whilst, critically, ensuring that communication with Amazon was undertaken in an open and professional manner.

In addition to resolving a range of technical and planning related issues, an overall support package, including Regional Selective Assistance, infrastructure development and training and development support was agreed.

Key Benefits

It is understood that the proposed £60m development will be the largest such facility in Europe. It will initially provide employment for a minimum of 750 people, including approximately 70 staff who will transfer from Amazon's existing facility in Glenrothes. It is anticipated that, as the fulfilment centre becomes established, it will have the capacity to employ up to approximately 2,000 people at peak times, such as the run-up to Christmas. In overall terms, therefore, the investment represents a major boost for both the local and national economy.

It is anticipated that this high profile

investment will also greatly assist in confirming Fife's reputation as an excellent location to invest and expand. Indeed, based on the initial success in securing the Amazon facility, both Fife Council and Scottish Enterprise are confident that the strong collaborative working relationships which have been established will be carried forward to further success in attracting new development and investment in respect of the remaining strategic sites.

In summary, both Fife Council and Scottish Enterprise believe the Amazon inward investment project represents an excellent example of public and private sector partnership working, which has delivered significant positive outcomes for the Fife and Scottish economy.

Further information:

www.fife.gov.uk/

West of Scotland Loan Fund

Background

The West of Scotland Loan Fund Ltd (WSLF) provides loan finance to new and growing SMEs. The Fund was established in 1996 as a company limited by guarantee and is owned by the 12 Local Authorities in the former Strathclyde area.

Organisation

The WSLF acts as a gap funder by helping businesses with good commercial proposals but experiencing difficulty raising finance from normal commercial sources due to risk aversion within the finance market. In this way, the Fund tackles that market failure, addresses the low levels of entrepreneurship and encourages the formation and growth of SMEs that create employment and wealth within the local economy.

The WSLF usually operates in conjunction with other lending agencies and applicant businesses must be able to demonstrate a funding gap.

Each of the 12 Local Authorities is represented on the WSLF Board, which oversees the management, strategy and



WEST OF SCOTLAND **LOAN FUND**

governance of the Fund.

Financial contributions to the WSLF by each Council are ‘ring-fenced’ for investment within their area. The WSLF has also been successful over the years in attracting significant levels of European funding and this has increased the funds available for lending to SMEs.

Officers from each of the 12 Councils are responsible for dealing with their local SME customers, appraising applications and recommending them for approval or otherwise. In order to ensure efficiency and consistency of delivery, the officers adhere to a standard operating manual/ scheme of delegation and compliance. The WSLF operates to a high standard in terms of diligence and compliance and specialist WSLF finance advisers are on call to provide advice and guidance to local Council staff.

Key Benefits

To date, the WSLF has supported over 1,450



businesses, invested £26.5m and helped to create and/or safeguard over 11,000 jobs. Independent evaluation studies have demonstrated that the WSLF represents good value for money, with high levels of additionality and an estimated net cost per job in the range £6k - £9k.

Some of the wider benefits associated with the WSLF are set out below.

- By operating as loan as opposed to grant funding, the WSLF is a far more sustainable form of intervention. As loans are repaid by SMEs, the money returns to the Fund to be recycled and lent to the next cohort of businesses.
- By operating as a ‘gap funder’, the WSLF invests only the minimum public sector support necessary to enable SME projects to proceed. This principle is reflected in the Fund’s leverage ratio, which demonstrates that every £1 of public funding levers in £4 from private sector funding sources.
- By operating across the 12 Councils, the WSLF achieves a scale of operation that generates economies of scale and allows access to specialist finance staff. This strategic approach has been vital in drawing in European funding and has also helped to develop a brand that SMEs, professional advisers and the finance network recognise and trust.
- The model of the overall joint approach, combined with a localised delivery mechanism provides flexibility whilst ensuring a consistent product is marketed to SMEs across the operating area. The strength of this approach is reflected in consistently high levels of customer satisfaction.
- Finally, the success of the WSLF approach is reflected in the fact that the model is now being developed elsewhere in the country via the East of Scotland Investment Fund.

Further information:

www.wslf.co.uk

Lanarkshire Business Gateway

Background

In 2008 Scotland’s Local Authorities took over responsibility for the operation of the Business Gateway service. Business Gateway (BG) helps new start and existing businesses to grow and prosper through a combination of online support, local workshops, training and specialist advisory services.

BG also provides the key mechanism for identifying companies with significant growth potential that will be prioritised for additional support through BG ‘Designated Relationship Management’ (DRM) and through ‘account management’ support delivered through SE/HIE’s programmes. This system of identifying companies with genuine growth potential in order to target them with additional support is a key aspect of business development support in Scotland.

This case study highlights good practice relating to the governance and management of the Lanarkshire BG contract. It describes strong and effective governance, scrutiny and performance management arrangements involving two neighbouring Local Authorities, which is reflected in the fact that Lanarkshire



has contributed a disproportionately high number of growth companies to the SE growth ‘pipeline’ and the DRM portfolio.

Organisation

The Lanarkshire BG contract operates on a pan-Lanarkshire basis, covering both North and South Lanarkshire Councils (NLC/SLC). NLC operates as the lead and is responsible for day-to-day contract management. The contract is overseen by a Strategic Steering Group, chaired by SLC and involving Elected Members and senior officers from both Councils. The Strategic Group considers contract performance, strategic matters relating to the contract at both national and local level, and makes decisions on any changes to the contract targets in order to respond to local needs.

Sitting below the Strategic Group, is an Operational Group of key officers, which is chaired by NLC. The operational group meets on a more regular basis and considers detailed aspects of the



BG contract, including linkages to Local Authority business development activity. The operational group discusses updates, reports and considers any recommendations to be made to the Steering Group.

Officers from NLC also meet the BG contractor on a regular basis to review performance, quality assurance and marketing and to provide feedback from national meetings. Separate meetings also take place to discuss the referrals to the 'SE Growth pipeline' and DRM portfolio, and to undertake contract compliance.

Key Benefits

The single pan-Lanarkshire BG contract delivers efficiencies, reduces overheads and ensures consistency of support to local businesses. Sharing leadership responsibility between the two Councils has helped ensure that all partners have an active role to play and results in securing ongoing commitment and 'ownership' of the BG service. The arrangement also ensures high levels of scrutiny and accountability for contract performance.

The governance structure and the good working relationships between the two Councils has also facilitated a flexibility of approach, which has enabled the BG contract to adjust to local needs and, particularly, to respond to the challenges brought about by the economic downturn.

A key illustration of the effectiveness of the governance, scrutiny and management arrangements relating to the Lanarkshire BG contract is reflected in the actual performance of the contract. Almost one-quarter of referrals to SE's 'pipeline' of existing growth companies and just over one-third of the referrals into 'account management' for existing companies have come from Lanarkshire. This contribution is well in excess of what might be expected relative to Lanarkshire's share of the country's company base.

This level of performance is one strong indication that the Lanarkshire BG contract is performing well and this is also likely to be a reflection of the effective contract management and governance arrangements.

Further information:

www.bgateway.com

Training and Employment for Looked After Children

Background

Rhondda Cynon Taf Council in Wales operates an in-house training and employment programme called 'Step in the Right Direction'. The programme provides training places each year for young people leaving school who are looked after by the Council, either directly via Council accommodation or through foster care.

Research evidence indicates that looked after children generally fair less well than their peers in the 16-24 age group across a wide range of outcomes. They are less likely to do well in terms of educational attainment and accessing employment and they are more likely to be involved in criminal activity and substance misuse.

By utilising the Council's role as a major employer, the programme provides support to this vulnerable group at a critical transition stage and helps a significant proportion of the target group to enter the labour market and attain sustainable employment.

By taking a creative approach to the Council's 'corporate parenting' responsibilities, 'Step in the Right Direction' is an excellent example of a



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preventative intervention, which supports a disadvantaged group and helps them avoid the prospect of long-term unemployment and the variety of negative consequences associated with it. This, in turn, also reduces the resource demands that would otherwise be likely to be placed on a wide range of public agencies.

Organisation

Statistical data demonstrates that the unemployment rate amongst care leavers is significantly higher than their peers in the general population of 16-24 year olds. For some young people, failure to get a job can compound their lack of confidence and self-esteem and reduce further the expectations they have for themselves. With trends in the labour market demanding increasingly higher qualifications and skill levels, without support, many care leavers are likely to become long-term unemployed. In seeking to address this challenge, Rhondda Cynon Taf Council sought to creatively utilise its own corporate resources to ensure that looked after children leaving school



had access to suitable development and employment opportunities.

The 'Step in the Right Direction' programme has four distinct phases:

Phase 1 - Selection of Young People

Initially, suitable candidates are identified by the Council's Aftercare Team, where careful consideration is given to ensure that each candidate has the potential to retain their place on the traineeship programme. Each young person then completes an application form and attends an interview. In most instances, this will be their first experience of a recruitment process.

Phase 2 - Four Week Induction

During the induction, each trainee learns about the range of work experience available in the Council through visits, presentations and work shadowing. Each trainee also attends team building events and courses in essential areas such as basic skills, health and safety, customer service and equalities.

Building confidence and self-esteem is tackled through initiatives such as the Pacific Institute and Prince's Trust Team Challenge development programmes. Each individual is supported throughout the whole programme by a co-ordinator, who works with them to identify current skills and potential areas of interest. The co-ordinator also supports trainees with work-based issues and in addressing confidence, behavioural and attitudinal adjustment. Trainees are also supported by aftercare workers, who provide practical assistance on any issues that may be impacting on the trainees' ability to attend or commit to work.

Phase 3 - Short-Term Work Placements

Each trainee then progresses into short-term work placements where they learn to build new relationships, develop

greater independence and learn skills and knowledge specific to each work area. Depending on the specific placement, the trainees will typically learn a range of skills, including IT and telephony, together with technical skills such as operating specific types of machinery. During this phase, the trainees will have progressed from part time (during their induction) to full time hours, working 37 hours per week and earning a full time trainee wage.

Phase 4 - Longer-Term Work Placements

In the final phase, each trainee moves into a suitable longer-term work placement, which is identified from experience and feedback gained during phase 3. The aim of this work placement is to develop a particular career route for the trainee, with the ultimate aim of securing permanent employment within that area. The placement, which can vary from four months to one year, allows trainees to gain more in-depth knowledge and skills. The conclusion of this phase can be the offer of permanent employment within the host department, if the placement has been deemed successful by both parties.

Key Benefits

A wide range of benefits arise for the young people participating in the traineeship programme, including:

- increased self confidence and self belief;
- development of a stronger work ethic;
- development of a range of skills and experiences;
- increased financial stability; and
- longer term career prospects, including the prospect of permanent employment.

Officers involved in delivering and supporting the programme have also reported positive benefits for themselves including:

- development of their counselling, mentoring, communication and negotiation skills;
- increased networking and greater knowledge of Council services; and
- increased motivation derived from feeling that they are contributing to transforming the lives of young people on the programme.
- significantly reduce the requirement to deal with long-term negative consequences arising from unemployment; and
- deliver good overall value for money for the public sector.

Further information:

www.rhondda-cynon-taf.gov.uk

Wider benefits to the public sector include:

- financial gains through trainees receiving a wage and, in turn, contributing towards future housing costs, etc, rather than being reliant on benefits;
- increasing awareness of ‘corporate parenting’ responsibilities across the Council;
- development of young people into potential long-term employees;
- enhanced reputation of the Council as an employer; and
- avoiding the range of negative outcomes and costly consequences of long-term unemployment that might otherwise arise across a range of public services.

The programme has a success rate of around half of all trainees securing long-term, sustainable employment. Given the challenges involved, this level of performance compares favourably with similar initiatives aimed at this target group.

In overall terms, the ‘Step in the Right Direction’ programme is seen to represent an excellent example of a Council creatively utilising its wide range of corporate resources in order to:

- fulfil the Council’s ‘corporate parenting’ duties;
- help attain sustainable positive employment outcomes for a disadvantaged group;

2014 Commonwealth Games

Background

The 2014 Glasgow Commonwealth Games will provide a major economic boost for Glasgow and the wider Scottish economy.

This case study highlights the approach that has been taken by Glasgow City Council (GCC) and other partners to maximise community benefits and ensure a sustainable and lasting impact from this major event.

Organisation

Following the announcement that the 2014 Commonwealth Games would take place in Glasgow, GCC created a small number of 'Community Benefits' posts, whose role was to ensure that a significant proportion of the benefits arising from the Games impacted positively on local businesses and communities.

The initiative involves three main elements:

1. recruitment and training, including apprenticeship opportunities and support aimed at those furthest from the labour market;
2. developing business opportunities for SMEs; and
3. developing business opportunities for social economy enterprises.

Working with procurement colleagues, the 'Community Benefits' staff ensured that the criteria for assessing main contractors included an element based upon how potential contractors would help to achieve community benefits. This criterion accounted for 10% of the overall assessment and therefore ensured that it was a serious consideration for contract bidders.



Contracts awarded also specified that a proportion of jobs created required to be filled by certain priority client groups, such as long-term unemployed and school leavers. Advice received indicated that whilst there may be difficulties in specifying that employees had to come from particular geographic areas, there was no problem in specifying that a proportion of new jobs should come from priority client groups.

GCC also requires all main contractors to advertise all sub-contracts through the Commonwealth Games business contracts portal rather than simply using their existing supply chains.

Linking with the Supplier Development Programme (which is featured in a separate case study), a range of capacity building support has been undertaken to help businesses compete more effectively for sub-contracts.

The contract terms also require private sector main contractors to provide feedback to unsuccessful sub-contract bidders. This is not standard practice in the private sector but is designed to help unsuccessful bidders learn where their bid was seen to be less competitive so that they can adapt future bids.

The social economy element works in

a similar way to the standard business contracts, via a programme of capacity building, as well as advertising contracts openly via the portal.

Key Benefits

The Glasgow 2014 Commonwealth Games will result in the awarding of contracts to a value in excess of £1bn. This includes developments such as the national indoor sports arena, velodrome, athletes' village, SECC arena, road infrastructure and associated comprehensive regeneration activities. Contracts relating to the provision of a wide range of other goods and services will also flow from the event.

The Commonwealth Games business contracts portal was launched in 2009. Over 14,000 companies have now registered their interest in tendering for contracts, around one-third of which are based in Glasgow. To date, over 80% of the construction contracts have been awarded to companies based in Scotland.

Under the Commonwealth Apprenticeship Initiative, over 1,300 apprenticeships have been secured since 2009, with a significant proportion of those jobs going to priority client groups.

The social economy element has also had successes, with one example being that of Unity Enterprise, a social economy organisation that works with people with learning difficulties. This organisation has been successful in tendering for a significant catering contract which will allow it to provide a range of training and employment opportunities for its target client group.

Further information:

www.glasgow2014.com/businessportal

West Coast Golf Links

Background

The West Coast Golf Links initiative is a regional tourism collaboration involving a range of public and private sector partners. The initiative packages together tour operators, accommodation providers and ten of Scotland's west coast golf courses. The aim is to market this world class tourism product as a comprehensive offering to an international market, thereby boosting the region's profile, increasing overseas' visitors and generating additional economic impact within Ayrshire.

Organisation

The project is an international marketing initiative, focused upon the world class golfing product that Ayrshire has to offer.

The initiative brings together a number of key partners in order to develop a coherent tourism offering, based upon Ayrshire's Links golf courses, which cover a 30 mile stretch of coastal land. By linking a variety of golf courses, tour operators and accommodation providers, the project presents a comprehensive golf tourism offering to the international market.

It does this through the provision of



SCOTLAND'S
WEST COAST
Golf Links

*Birthplace of
The Open*

high quality marketing materials, a comprehensive website and by promoting the offering through various international trade events and exhibitions.

Tourism is a key growth sector for Ayrshire and Scotland and the West Coast Golf Links initiative seeks to boost the local economy by attracting increased numbers of visitors, increasing the turnover of local businesses and developing employment opportunities within the sector.

The private sector partners involved in the initiative include golf course operators, accommodation providers and travel agents. Public sector partners include the three Ayrshire Local Authorities, VisitScotland and Scottish Enterprise.

A key point of the project is that each partner makes a unique contribution, which adds value to the overall offering.



Key Benefits

By working together in partnership across the whole region, the various partners are able to deliver more than could be achieved by each focusing on individual elements. Whilst golf courses such as Royal Troon and Turnberry have strong pulling power in their own right, presenting a comprehensive golf tourism offering provides a greater critical mass, a wider range of options and, overall, a more flexible and attractive package . This has helped to increase overall visitor numbers, extend the average length of visits and increase the average amount spent.

The joined-up regional approach and the focus upon a key growth sector have been key factors that have allowed the project to secure European funding.

Further information:

www.scotlandswestcoastgolflinks.com

Argyll and Bute Renewable Energy Action Plan

Background

A Renewable Energy Action Plan has been developed by Argyll and Bute Council and Highlands and Islands Enterprise in conjunction with the local Community Planning Partnership. The Plan sets out the vision, priorities and key actions that will be taken to help develop this growth sector within the local area.

This case study summarises the approach taken, the key elements of the Action Plan and the anticipated benefits that will arise.

Organisation

The Renewable Energy Action Plan has been developed by Argyll and Bute Council and Highlands and Islands Enterprise in conjunction with the local Community Planning Partnership.

The document sets out the range of competitive advantages that Argyll and Bute has within the renewables sector and indicates a desire to build upon these key strengths. In order to achieve this, the Action Plan sets out how the key players will work with local, national and European partners to promote development of the sector.



Key priorities set out within Argyll and Bute's Renewable Energy Action Plan include:

- securing capacity within the transmission network;
- physical and transport infrastructure investment and development;
- promoting sustainable development;
- developing local business capacity and supply chain opportunities;
- undertaking research and analysis to promote investment;
- promoting skills development for businesses and residents;
- developing Campbeltown/Machrihanish as a centre for off-shore renewables as prioritised in the Scottish Government's



National Renewables Infrastructure Plan;

- securing a range of local socio-economic and community benefits; and
- influencing national and European policies.

Key Benefits

Key benefits arising from Argyll and Bute's Renewable Energy Action Plan include the articulation of the local partners' assessment and intentions regarding Argyll and Bute's key strengths, role and ambitions within this important growth sector.

Developing a comprehensive approach to identifying the needs, opportunities and priorities for the sector is seen to be an important step in developing a coherent, strategic approach.

It is anticipated that Argyll and Bute will be better geared up to capitalise on the growth of this sector, with positive impacts arising in terms of job creation, skills development, business growth and wider social and economic benefits for local communities.

Ongoing partnership building has been formalised through the establishment of the Argyll and Bute Renewable Alliance (ABRA) to ensure that relevant agencies, developers and stakeholders are engaged and are working together at a strategic level to realise the collective vision for renewables within Argyll and Bute.

Further information:

www.argyll-bute.gov.uk/planning-and-environment/renewable-energy-action-plan

Glasgow Credit Union Development

Background

Credit Unions (CUs) are an important mechanism for addressing some of the major financial inclusion challenges that exist across Scotland. As well as providing low cost loans, CUs also encourage the development of a regular savings habit amongst their members. By offering such services, they help their members to manage their finances and avoid the pitfalls of more expensive and sometimes unregulated lending.

This case study highlights the approach that has been taken by Glasgow City Council (GCC), which has supported the development of Credit Unions as self sufficient and sustainable social enterprises and which has also resulted in a major expansion of CU membership across the city.

Organisation

As part of a wider portfolio of anti-poverty initiatives, GCC has undertaken a programme of support over the past decade which has encouraged the development of Credit Unions throughout the city.

Central to this has been the encouragement



that has been given to establishing and supporting a Strategic Development Group, open to all Glasgow CUs. Established in 2003, this group has provided a forum for Glasgow CUs to network, discuss common issues, exchange good practice and develop a programme of collective action, which benefits all CUs.

A range of practical support measures has been put in place, with the overall package of support developed with members of the strategic development group and following a survey of CUs' needs. Support has included a marketing initiative, including TV and radio advertising campaigns. A CU website has also been developed to promote the benefits of CU membership and promote the range of services available.

A comprehensive programme of training and development for CU staff and volunteers



has also been supported, covering areas such as IT, marketing, total quality management and volunteer development.

GCC has also supported CUs in moving into shop front premises, including utilising Council-owned properties. The Council has also agreed temporary rates relief for CUs. This has facilitated the movement into more highly visible premises, raising the CUs' profile within local communities and helping to grow membership levels.

A key objective of the support has been to encourage more efficient and effective working methods and to generally drive up the capacity and professionalism of CUs. GCC CU development officers have also encouraged a 'buddying' system, whereby stronger and more established CUs offer support and encouragement to less experienced neighbouring CUs.

Another aspect of the work has been to develop CU and related materials aimed at supporting financial literacy and financial inclusion in the City's schools through the Curriculum for Excellence.

The support provided by GCC has been catalytic in nature and has provided a significant kick-start to CU development across the city. A key principle of the approach has been to gradually work towards a position whereby CUs can be self-sustaining social enterprises, which ultimately will not require to rely on public subsidy. Whilst that goal has not yet been attained, steady progress towards its achievement has been made.

Key Benefits

The support provided to encourage Credit Union development has resulted in a major membership growth over the past decade. From a base of only 3% of Glaswegians being members of credit unions, membership has grown significantly over the past ten years and currently stands

at 22%.

Glasgow is now in the position where it has a larger CU membership than any other city in the United Kingdom. This includes over 135,000 members across 34 CUs, with a financial asset portfolio in excess of £183m.

The volunteering aspect of CUs is also seen as an important mechanism in assisting long term unemployed people into the labour market, through building up their skills, experience and confidence.

A key point of the Glasgow experience is that developing a sector such as CUs requires a long-term and sustained commitment to working alongside the CUs. One-off, sporadic or disjointed support to the sector would not have resulted in the significant strides that have been achieved across the city.

Further information:

www.cucity.co.uk

Co-operative Development

Background

Co-operatives are businesses that are owned and controlled by their members, who may be employees, organisations or consumers. They are set up to meet shared needs and are run on a democratic basis.

This case study sets out some background information on co-ops and refers to a briefing paper by Co-operative Development Scotland, which suggests that co-ops may provide a suitable alternative model for delivering certain public services

Organisation

Co-operative Development Scotland is a subsidiary of Scottish Enterprise and has a Scotland-wide remit for developing co-operative and employee owned enterprises.

Co-operative and employee owned businesses already make a significant contribution to Scotland's economy, employing 28,600 people and generating in excess of £4bn turnover.

There is growing interest in where and how public service co-operatives could add value in the future. In a briefing paper, Co-operative Development Scotland sought

co+operative development scotland

to stimulate thinking on public service delivery options by exploring the benefits that co-operative and employee owned business models can provide. Co-operatives UK, the membership body for co-operative enterprise, believe that a range of services, including children's centres and energy providers could be run along co-operative lines.

An example of such a business operating in Scotland is the Inverness-based Highland Home Carers (HHC). HHC is owned by its 160 staff and provides homecare and support services to nearly 300 clients around the Highlands. Highland Council is the largest contractor of the company's services.

Since the original company founder sold the business to the staff in 2004, HHC has gone on to outperform its sector in key metrics such as low staff turnover and quality of service. As social care is traditionally a very high turnover sector of the economy, there may be a range of benefits in employee ownership that could enable a co-op provider to offer a high level of consistency



and quality in delivering care support. For example, a social audit survey showed that 97% of HCC clients are comfortable and confident with the company's staff.

Key Benefits

Research suggests that a combination of shared ownership and employee participation can help to deliver enhanced business performance and sustainability. Further studies suggest that co-operative and employee owned business models can bring enhanced benefits to the providers and users of public services, including:

- increased employee, user and community engagement;
- more efficient and sustainable service delivery with better outcomes;
- improved responsiveness to customer needs; and
- wider distribution of risk and reward.

In light of the range of positive benefits of co-op ownership structures, there may be an opportunity to consider the appropriateness of co-op models in developing alternative, sustainable models of public service delivery

Further information:

www.cdscotland.co.uk

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