

SUBJECT: Quarterly Monitoring Report for SOA Outcome 1

1. Purpose

This is the Quarterly Monitoring Report for the SOA Outcome 1 “*East Lothian has a sustainable and successful local economy through developing key local sectors and enhancing business performance*” which is the responsibility of the *Enterprise & Skills* SOA Theme Group. An update and analysis of progress on the SOA Outcome is provided in the appendix to this report.

The remainder of this report focuses on proposed actions for the Partnership Board

2. Actions proposed

2.1 The Community Planning Working Group is asked:

- To note the commissioning of the East Lothian Community Planning Economic Development Strategy – see appendix 3
- To note the withdrawal of the ESF Skills Pipeline project

2. Background to actions

- With support of partners (East Lothian Council, Skills Development Scotland, Job Centre Plus, Federation of Small Businesses, Midlothian & East Lothian Chamber of Commerce), development of approach to Community Benefits in Procurement to meet the needs of businesses and young people in particular through council-led contracts.
- Review of Employer Offer leaflet and further publicity. Take-up of the leaflet has been poor so partners will look to review content and marketing.
- Negotiation of new contracts for National Training Programmes led by Skills Development Scotland. To be known during March
- ESF Skills Pipeline project withdrawn. Reasons include the delay in the grant offer letter, issues with match funding and changes to national rules on eligible spend – see App 2
- During July – September 1 new social enterprise business started up in East Lothian

3. Equalities Impact Assessment (in relation to actions)

3.1 This report is not applicable to the well being of equalities groups. An Equalities Impact Assessment is not required.

5. Resource Implications (in relation to actions)

The resource implications are:

- 5.1 Financial: None
- 5.2 Organisations: None
- 5.3 Personnel: None
- 5.4 Other: None

6. Community Consultation and Engagement (in relation to actions)

- Development of new East Lothian Community Planning Economic Development Strategy. A decision on the successful consultancy will be known by early March after which date the process of engagement through a number of ways will be communicated to partners.
- The Federation of Small Business (FSB) continues regular contact with the East Lothian Business Gateway to circulate information to East Lothian businesses to help them to develop and grow.
- Ongoing advice and support to the local business community from East Lothian Council and partnership organisations continues in response to constraints experienced during difficult economic conditions. Funding for businesses is still proving an issue although East Lothian Investments Ltd and the New Enterprise Allowance for long term unemployed have alleviated the access to funding to some degree. Between October and December 2011 19 businesses starting up during the quarter. Over the period October-December 2011 the rate of businesses surviving after being in business for 12 months is 80% - calculated by removing businesses not responding to contact by e-mail, letter or telephone and therefore classed as not trading (even though they may be). From the remaining, 2.9% businesses ceased trading and 3.8% went into full time employment.
- Excellent communication channels have been established through a high level of engagement with business steering and trade groups.
- Networking events for local businesses include monthly coffee mornings

7. Background Papers / Appendices

7.1 Quarterly update on SOA Action Plan for the Enterprise & Skills SOA Theme Group meeting on: 27 February 2012

7.2 An overview of the issues with ESF Priority 5 East Lothian's Strategic Skills Pipeline for the ELCPP Board.

7.3 East Lothian Community Planning Economic Development Strategy - brief

<i>Report from:</i>	Enterprise & Skills Implementation Group Chairperson: Susan Smith, Economic Development Manager, East Lothian Council Email: ssmith@eastlothian.gov.uk phone number: 01620 827 174
<i>Report written by:</i>	Susan Smith, Economic Development Manager, East Lothian Council Email: ssmith@eastlothian.gov.uk phone number: 01620 827 174
<i>Date:</i>	20 February 2012 – updated 28 February 2012

Appendix 1: QUARTERLY UPDATE ON SOA ACTION PLANS (QUAP)

For the Enterprise & Skills SOA Theme Group meeting on 27 February 2012

East Lothian Outcome 1: East Lothian has a sustainable and successful local economy through developing key local sectors and enhancing business performance

Short Term Outcomes:

- Workforce skills developed to support business competitiveness
- Improve sustainable business start-up rate
- Key local sectors are responsive & resilient to growth (tourism, food & drink, social enterprise) are developed and enhanced
- Increase in number of businesses undertaking growth development

1. Are there any changes/additions to the initiatives in the Action Plan/Table?

- With support of partners (East Lothian Council, Skills Development Scotland, Job Centre Plus, Federation of Small Businesses, Midlothian & East Lothian Chamber of Commerce), development of approach to Community Benefits in Procurement to meet the needs of businesses and young people in particular through council-led contracts.
- Review of Employer Offer leaflet and further publicity – Spring 2012
- Negotiation of new contracts for National Training Programmes by Skills Development Scotland
- ESF Skills Pipeline project withdrawn.

The project sought to develop a coherent skills pathway and transition pipeline for East Lothian to aid individuals who are unable or struggling to enter the labour market, and it would have assisted those who are working but are lacking the skills and knowledge to progress into better paid jobs. The project was due to start in April 2011 but there were a number of issues which have collectively contributed to the withdrawal of this project – delay in grant offer letter being issued by 2 months with impact on projected activity, concern over match funding reliability and change to national rules with previous eligible spend no longer so. See appendix 2 for further information.

2. Are there new opportunities in relation to achieving the outcome or initiatives in the action table or partnership working¹?

- no change

3. Are there new risks/threats in relation to achieving the outcome or to specific initiatives in the action table or partnership working?

- no change

4. What community engagement activity or consultations are taking place or are planned²?

- Development of new East Lothian Community Planning Economic Development Strategy. A decision on the successful consultancy will be known by early March after which date the process of engagement through a number of ways will be communicated to partners.
- The Federation of Small Business (FSB) continues regular contact with the East Lothian Business Gateway to circulate information to East Lothian businesses to help them to develop and grow.
- Ongoing advice and support to the local business community from East Lothian Council and partnership organisations continues in response to constraints experienced during difficult economic conditions. Funding for businesses is still proving an issue although East Lothian Investments Ltd and the New Enterprise Allowance for long term unemployed have alleviated the access to funding to some degree. Between October and December 2011 19 businesses starting up during the quarter. Over the period October-December 2011 the rate of businesses surviving after being in business for 12 months is 80% - calculated by removing businesses not responding to contact by e-mail, letter or telephone and therefore classed as not trading (even though they may be). From the remaining, 2.9% businesses ceased trading and 3.8% went into full time employment.
- Excellent communication channels have been established through a high level of engagement with business steering and trade groups.
- Networking events for local businesses include monthly coffee mornings
- During July – September 1 new social enterprise business started up in East Lothian (expected to be .

5. Is there any other relevant information not covered above, including: links with other Theme Groups, Local Area Forums or partnership groups; changes in resources; changes in key indicators?

Improved links with Health around employability

Development of East Lothian Community Planning Economic Strategy from early March with final document expected May/June 2012

6. What do we need to take up with others? What action is needed by?

¹ When looking at the opportunities / risks / threats / you may want to make use of the PESTELO model as checklist http://en.wikipedia.org/wiki/PEST_analysis

² Also include local community planning work with Local Area Forums.

- **This theme Group: ?**
- **Other Partnership Groups:?**
- **Working Group:** Note the commissioning of the East Lothian Community Planning Economic Development Strategy & note the withdrawal of the ESF Skills Pipeline project
- **Partnership Board:** To note the withdrawal of the ESF Skills Pipeline project and agree the transfer of £10,000 to reimburse Community Learning and Development (CLD) for pipeline activity work.

8. Please append the updated Action Plan/Table (only included in the report to the Theme Group)

<i>QUAP from:</i>	Enterprise & Skills Implementation Group Chairperson: Susan Smith, Economic Development Manager, East Lothian Council Email: ssmith@eastlothian.gov.uk phone number: 01620 827 174
<i>QUAP written by:</i>	Susan Smith, East Lothian Council Email: ssmith@eastlothian.gov.uk phone number: 01620 827 174
<i>Date of report:</i>	24 November 2011

Appendix 2: An overview of the issues with ESF Priority 5 East Lothian's Strategic Skills Pipeline for the ELCPP Board.

1 RECOMMENDATIONS

- 1.1 To note the contents of this report.
- 1.2 To agree the transfer of £10,000 to reimburse Community Learning and Development (CLD) for pipeline activity work.

2 BACKGROUND

- 2.1 The total project cost was £418,380 for a 2 year project, with a grant of £188,271 (45%). Match funding was required for the remainder of the project from project partners. Partners match funding was based on existing staff resources ('in-kind' rather than a cash contribution) and the ESF grant would enable an expansion of existing employability services.
- 2.2 The CPP contributed £25,000 (financial year 2010/11) to support the pipeline and 'lever in' European money. This money is currently in a holding account for the ESF project.
- 2.3 The partners involved were:
 - East Lothian Community Planning Partnership (ELCPP)
 - East Lothian Learning Partnership (ELLP)
 - East Lothian Council (ELC)
 - Volunteer Development East Lothian (VDEL)
 - Bridges Project
 - East Lothian Social Enterprise Network (ELSEN)
 - East Lothian Business Gateway
- 2.4 The project sought to develop a coherent skills pathway and transition pipeline for East Lothian. The pipeline would have aided individuals who are unable or struggling to enter the labour market, and it would have assisted those who are working but are lacking the skills and

knowledge to progress into better paid jobs. The pipeline was to ensure that all activities resulted in individuals who are better skilled and are more capable to enter and progress through the local and surrounding labour market by providing and developing core and transferable skills.

2.5 The project was due to start in April 2011.

2.6 However, there have been a variety of issues which have collectively contributed to the withdrawal of this project:

- There was a delay in the grant offer letter being issued by the then organisation administering the fund ESEP Ltd on behalf of the Scottish Government. The project was due to start on the 1st April 2011 but the grant offer was delayed until the end of May. This had a detrimental impact as the project could not begin until two months after originally intended.
- There was an issue with match funding as there was concern over match funding reliability and the impact this would have if a partner was to withdraw during the project. This also caused a delay in project activity getting underway.
- There was a change to the national rules governing the project. Previous eligible spend was no longer eligible (informed October 2011). This was applied to the existing pipeline project and had major implications on future recovery costs, resulting in partners being under resourced to provide certain elements of the project.

2.7 All of the above issues contributed to the situation where the project was delayed, planned activity was not on track and unlikely to make up lost ground. As a result the project was not going to meet spend/activity requirements and therefore unlikely to meet the original outputs and outcomes of the grant agreement, thus the project would be in breach.

2.8 This would have serious implications in the audit process and the potential for full repayment to Europe. Due to the enormity of the consequences, partner organisations discussed various options and agreed to the withdrawal of the project.

2.9 As per a partnership agreement any costs incurred by partners would be paid from their own accounts and centrally claimed back via European claim forms. No claims were verified before the withdrawal of the project, thus no money was been transferred from the holding account.

2.10 The only spend from the designated pipeline account has been for the initial marketing of the project (£1226.55). This will be absorbed by Economic Development.

2.11 Although the project was delayed and has been withdrawn, partners had begun to dedicate staff time towards this project, most using existing staff to carry out activities.

- 2.12 CLD extended an existing member of staff's hours (from part-time to full-time) on a temporary basis to carry out the extra pipeline activity after the acceptance of the grant offer by all partners. CLD have paid this member of staff from their account as originally agreed.
- 2.13 CLD's original target for clients was 50 (for the full year) – target was adjusted to 30 for period September to end March 2012. CLD had engaged with 22 clients by the end of January, plus another 30 who were engaged via pipeline activity but did not wish to be registered as pipeline clients.
- 2.14 The extra part-time member of staff has allowed CLD to work more intensively and creatively with individuals to help them progress e.g. a number of clients have been transported to industrial estates and retail parks to distribute CVs resulting in applications and interviews, and job trials.
- 2.15 The extra part-time member of staff has allowed CLD to work intensively with clients to produce CVs (CLD does not have the capacity to offer such lengthy in-depth CV preparation appointments this within mainstream service). They have been able to run five 'Open Information, Advice and Guidance Sessions' in local Community Centres to market the pipeline. It has also allowed CV workshops to be delivered in Port Seton, also planned in Musselburgh – intensive on-going support for individuals over a period of 5 weeks
- 2.16 CLD activity has the following costs attached:

2011/12	£1,004 per month	7 months	£7,028
2012/13	£1,000 per month	3 months	£3,000
2012/13	£1,000 per month	12 months	£12,000

*2012/13 is based on the new NI rates and also the change in superannuation rate paid by the council thus the slight decrease in cost per month.

APPENDIX 3: EAST Lothian COMMUNITY PLANNING PARTNERSHIP ECONOMIC DEVELOPMENT STRATEGY CONSULTANCY BRIEF

Introduction

East Lothian has a population of around 95,000 and covers an area of approximately 679 sq km. It is ranked 18th in Scotland in terms of area and population density. The area offers a good quality of life for its residents. It offers an attractive environment, good transport links, good educational attainment levels and suffers few of the challenges prevalent in other areas, with relatively low levels of deprivation and crime. The Council faces challenges including services for an increasingly elderly population and providing affordable housing.

The East Lothian Enterprise & Skills SOA Implementation Group, on behalf of the East Lothian Community Planning Partnership, wishes to appoint a suitably experienced economic development consultant to produce an Economic Development Strategy for the local authority area.

The Joint Economic Strategy prepared in 2006 has been overtaken by the economic downturn and the priorities of the incoming Administration in May 2007 with its focus on small business, town centre, tourism, local produce. Economic Development in East Lothian Council delivered according to this revised agenda.

The new strategy should outline how East Lothian can prepare its businesses and communities for recovery. This strategy should provide a vision for East Lothian for the next ten years as well as outline medium-term priorities, 3-5 years, through a robust monitoring framework and action plan.

Context

East Lothian's business base is dominated by small- and micro-enterprises and its largest private sector is tourism. *Edinburgh's Coast and Countryside*, *The Golf Coast of Scotland* and *Edinburgh's Playground* are terms used to describe the relationship with the city economy.

The opening of Queen Margaret University in 2007 has brought higher education provision to the county as well as jobs and spend to the local economy so adding an educational resource for young people, adult returners and the local business community.

With the economic downturn and rising unemployment levels, providing sustainable employment for young people, returners and the recently-unemployed is becoming an increasingly important priority for partners. This links with the Community Benefits in Procurement approach being taken by the Council and Community Planning and other partners.

The strategy would be placed within the overarching context of *The Scottish Government Economic Strategy* supplemented by:-

The Single Outcome Agreement 2011 including the Statement of Intent and key Community Planning strategies such as the Environment Strategy.

The strategies and policies of partner organisations – principally Skills Development Scotland, Scottish Enterprise, Job Centre Plus, VisitScotland, further and higher education

The priorities of the local business base – contacts at FSB and Midlothian & East Lothian Chamber of Commerce will be provided as well as access to members of the Futures' Group, Visit East Lothian, East Lothian Tourism Attractions Group, East Lothian Golf Tourism Alliance, East Lothian Coastal Tourism Partnership, Food & Drink Steering Group, Hospitality Steering Group, Producers' Steering Group, Retail Steering Group and individual county businesses

Cognisance should be taken of linkages with other Community Planning partners – health, police, the Third Sector, other council departments.

Reference should be made to existing East Lothian Council Economic Development strategies – East Lothian Tourism Strategy and Action Plan, East Lothian Tourism Events Strategy and Action

Plan, East Lothian Coastal Tourism Strategy and East Lothian Food & Drink Strategy and Action Plan – so that their priorities can be reflected in the all-encompassing East Lothian Economic Development Strategy. The results of the 2011 Business Base survey will act as a useful barometer to private sector confidence. East Lothian Council delivers the Business Gateway in-house and has done so for a number of years enabling close interaction with start-up businesses.

The draft East Lothian Council Plan, SESPLAN and City Region agenda must also be taken into account as well as the social, economic and environmental aspects of sustainability.

Also, issues such as technology at home and in the workplace, the demographics of the working population and the challenges of providing the business infrastructure to attract and retain investment must all be taken into account.

Community Planning

The Enterprise & Skills Implementation Group is a mature grouping of a range of organisations and business representative groups – East Lothian Council, East Lothian Learning Partnership, Queen Margaret University, Jewel & Esk College, Skills Development Scotland, Scottish Enterprise, Visit Scotland, Visit East Lothian, Federation of Small Businesses, Midlothian & East Lothian Chamber of Commerce, Job Centre Plus and Social Enterprise in East Lothian. However, as alluded-to above, individual businesses and other business representative groupings come into contact with East Lothian Council and other Community Planning partners through a range of fora and interactions.

The Single Outcome Agreement for Enterprise & Skills has one long-term outcome: *East Lothian has a sustainable and successful local economy through developing key local sectors and enhancing business performance* and short-term outcomes focus on business start-up, workforce skill development, business sectoral support and individual business growth.

The cross-cutting Community Planning themes of community engagement, equality and diversity, early intervention, sustainability and effective and efficient services must influence any new Community Planning strategy.

Objective

The objective of this piece of work is a robust Economic Development Strategy that identifies opportunities for East Lothian to maximise its economic competitiveness and sustainability. Identifying growth sectors and how these can be exploited may be one means.

Outputs and Milestones

It is anticipated that the new Strategy will provide a catalyst to partnership working across the Community Planning Partnership and provide direction of travel for the Enterprise & Skills Implementation Group. In recognition of the wider importance of the economy, the outcomes from the Strategy should be able to be represented in the workplans of all Community Planning theme groups.

It should refer to Christie Commission principles as adopted by the Council, namely Services built around people and communities, effective, efficient and excellent services, working together to achieve outcomes, prioritising prevention and promoting equality and sustainability.

Recommended measures to enable the creation of new jobs principally through the private sector and to enable East Lothian residents to access these should be outlined. Any barriers to economic growth should be highlighted.

It is anticipated that the workplan for this strategy will encompass:

- Baseline profile incorporating SWOT analysis and analysis of trends and encompassing economy, business base, key sectors, infrastructure, education and skills, demographics
- Partnership focus groups/workshops to ensure that the broad economic remit is fit for purpose
- Produce and present the developed 10-year Economic Strategy and more focused 3-year action plan to Community Planning Board and Enterprise & Skills Implementation Group
- Monitoring framework and action plan

The recently-launched Improvement Guide developed by the Improvement Service contains a useful template on Developing an Economic Strategy.

Management

The project will be managed by Susan Smith, Economic Development Manager, on behalf of the Enterprise & Skills Implementation Group of the Community Planning Partnership. Full contact details are given below.

It is expected that the appointed consultancy will arrange to provide regular updates as appropriate.

Submissions

Consultants are invited to submit detailed costed proposals for the project. Proposal documents should contain and will be evaluated according to the following information:-

- methodology and approach to brief
- innovation in approach
- format/content of proposed final report
- examples of similar work undertaken for Local Authorities and other Community Planning partner bodies
- individual(s) who will undertake the work
- costs and number of days

The deadline for submission is Friday 10 February and an electronic copy must reach Economic Development by noon that day – economicdevelopment@eastlothian.gov.uk

There may be interviews of shortlisted consultancies 1-2 weeks thereafter with the expectation of a finalised Economic Development Strategy by end May/early June.

Award Criteria

Respondents will be assessed on the following award criteria:

- Methodology and approach proposed, inc innovation and timescales – 40%
- Relevant expertise and experience – 30%
- Price– 30%

Fees and Costs

A maximum fee of £20,000 including all additional costs has been set for this project.

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