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Press release

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Improvements needed in the management of Scottish Enterprise business support services

Scottish Enterprise needs to do more to show that it is achieving value for money in providing some £40 million of support (over three years) to businesses with growth potential, according a report from the Auditor General for Scotland.

Between 2000 and 2003 Scottish Enterprise channelled this money through the 12 Local Enterprise Companies (LECs) to assist almost 1,000 businesses. LECs select these businesses for an account management service, which provides advice on business planning, helps to deliver business plans and in some cases, gives financial assistance.

The key findings in the report include:

- Businesses supported by Scottish Enterprise are generally positive about their experience and their contact with account managers.
- Scottish Enterprise and its LECs have yet to implement a consistent approach to selecting companies for account management
- LECs did not always hold consistent and comprehensive evidence to show that businesses being given direct financial aid were meeting the criteria for receiving such assistance
- LECs must improve their checks on whether the benefits of the scheme are delivered
- Overall, employment increased amongst account-managed businesses, but results varied widely across LECs. The cost per job created was up to 13 times higher in one area compared with another.
- Advice by the account manager often achieved more impact than financial assistance

“Scottish Enterprise accepts the need for a more consistent approach to its account management services,” said Robert Black, the Auditor General. “I welcome the commitment of Scottish Enterprise to an action plan which should assist in ensuring that the level of support it provides is justified, and I would encourage Scottish Enterprise to look at the variation in the levels of service and the results across Scotland.”

For further information please contact Anne Ryan tel 0131 624 9970 or James Gillies tel 0131 624 9971

Notes to editors

1. The Auditor General is responsible for securing the audit of the Scottish Executive and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament.
2. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability Act 2000. It provides services to the Accounts Commission and the Auditor General for Scotland.
3. The full title of the Auditor General’s latest report is ‘*Scottish Enterprise – account management services to high growth companies*’.
4. The full report and a summary of it will be available on the Audit Scotland website after the embargo expires, at www.audit-scotland.gov.uk under Publications

5. Businesses supported by LECs range in size from very small ventures with one owner/manager up to multinational companies with a presence in Scotland, and across sectors as diverse as traditional heavy industries, electronics, biotechnology and tourism.