

**Date of meeting**                      **31 October 2001**  
**Time:**                                      **2.00 – 5.30pm**  
**Venue:**                                      **Committee Room 1, National Assembly for Wales**

## **Review of business support services**

### **Introduction**

1. At its meeting on 13 June, the Economic Development Committee approved in principle the Cabinet's response to the Committee's report which reviewed business support services. In a plenary debate on 3 July, the Assembly endorsed the Cabinet's proposals which were modified slightly to take account of the comments made by the EDC. It was agreed that the Minister should inform the EDC by mid October how work was progressing in implementing the various agreed recommendations. That is the purpose of this paper.

### **Background**

2. The EDC's report contained a wide range of recommendations which were grouped into 7 broad headings.

3. In the Cabinet's response and the subsequent plenary debate, Recommendations 1 and 2 were addressed together. These focused on the apparent lack of evidence based research and expertise to inform decision- making and economic policy formulation in Wales. This has been pursued in the context of the National Economic Development Strategy and is covered in a separate paper.

4. Recommendations 3 to 7 inclusive were designed to tackle detailed issues of service provision and delivery. It was agreed that the Welsh Development Agency should be asked to become the lead body in Wales to take forward the management of business services. In endorsing this view, the EDC stressed the importance of ensuring that the WDA worked in close collaboration with the key players. It was agreed that the WDA should indicate to the Assembly by mid October how it planned to proceed.

5. The particular tasks with which the WDA was charged were

- To be responsible for the management of the Gateway for all public sector business support services. Para 4.16. (You will note that the brand name 'Business Connect' is to be retained).
- To propose how the Agency will manage the Business Connect network in a way that

meets the needs of all parties and especially the business clients. Para 4.36

- To consider the case for extending regional call centres alongside other models of services delivery. Para 4.18.
- To propose a geographic structure for business support services which provides convenient access for customers on a regional basis within Wales, (an addition to the Cabinet proposals made in the plenary debate).
- To take an overall strategic view of the structure of the existing partnership and funding mechanisms, with a view to improve co-ordination. Para 4.12. In formulating its plans you will be required to demonstrate that the Agency has the support of the partners.
- The administration of RSA and export services will be retained by the Assembly. However responsibility for the administration of RIN, SMART and SPUR will transfer to the Agency. I understand that discussions are in hand already between the Assembly's and your Personnel Offices.
- To demonstrate that the needs of under-represented groups are being met. Para 4.46.
- To review the Agency's policies to ensure that its procedures for handling complaints are clear and publicised. Para 4.41.
- To identify areas of overlap and duplication of services and products and consider ways of streamlining provisions which will best meet the needs of the client, taking account of the views of partners. Para 4.33.
- To ensure that national quality standards should be benchmarked against other equivalent service providers and should be kept under regular review. Para 4.34.
- To introduce mechanisms to enable a proper evaluation of services to be conducted. This should include the coverage, range of products and means of delivery as well as final outputs. Para 4.34.
- To appraise all services on a regular basis in terms of need (i.e. market failure) and the best method of delivery (i.e. public v private). Para 4.35.
- To reassure private sector organisations that there will be transparency of decisions when there is a potential for conflicts of interest, (an addition to the Cabinet proposals made in the plenary debate).

**6.** The WDA has set out in the paper at Annex 1 how it proposes to implement this work. We have discussed this document with Sian Lloyd Jones, Executive Director Business Support, who is responsible for this area of the Agency's activities and are satisfied that these proposals are in keeping with the Assembly's wishes and will meet the requirements that were stipulated.

**7. The Committee is invited to note these proposals and the progress made to date.**

**8.** There was one other area where the EDC asked for further work to be undertaken. This related to the procedure for handling complaints from customers who were dissatisfied with the service they had received.

**9.** One suggestion was that an Ombudsman for Business should be appointed. It was noted

that the Assembly was involved in a review of Ombudsman functions and we were asked to look into this to see whether there was any scope to extend this review to look over this particular part of the public sector. If this did not seem a feasible option, we were asked to consider possible alternatives and report these back to the EDC. Our findings and recommendations are set out in the paper at Annex 2.

## **10. The Committee is invited to endorse the proposals in Annex 2.**

**23 October 2001**  
**Economic Policy Division**

### **Annex 1**

## **WDA'S RESPONSE TO THE RECOMMENDATIONS ARISING FROM NATIONAL ASSEMBLY'S REVIEW OF BUSINESS SUPPORT AND DEVELOPMENT SERVICES**

### **Background**

1. In a plenary debate on 3<sup>rd</sup> July 2001, the National Assembly endorsed the Cabinet's response to the Economic Development Committee's Report on Business Support and Development Services. The WDA was asked to pursue a number of recommendations set against the background of the National Economic Development Strategy and agreement that the WDA should be the lead body in Wales for delivery of business support for businesses of all sizes both indigenous and new to Wales. It was agreed that by mid October the WDA would provide an interim response on progress in implementing the recommendation.
2. In developing its response to the recommendations the WDA is also mindful of the Quinquennial Review of the WDA which made a number of recommendations in respect of the WDA's business support activities.
3. Work is therefore being undertaken on several fronts which seeks to clarify the WDA's role as

- i. a provider of business support
- ii. the co-ordinator of business support

1. In both cases, the following key principles apply:-
  - effective and efficient partnership working
  - a customer focussed, customer driven approach

- building on and disseminating best practice

5. There is a need to ensure that all businesses have equal access to business support services, whether publicly or privately funded. The WDA believes that an enhanced Gateway can achieve this.

6. To achieve improvements in Wales' economic performance the WDA recognises that it must target its support for businesses in Wales at those SMEs with potential for growth. Joint work is being undertaken with ELWa to identify target groups and to ensure that our respective services are integrated and aligned.

7. Appendix I outlines the WDA's initial response to the Assembly explaining how it proposes to take forward the agreed policy.
8. Some changes can and will be implemented quickly and others will take longer. Both require commitment and sustained effort from all public sector funders of business support services.
9. The responses outlined in Appendix I will form the basis of dialogue with key partners over the coming months in order to develop a robust Gateway and improved business support services.

**October 2001**

**Welsh Development Agency**

## **Appendix I**

### **IMPLEMENTING THE RECOMMENDATIONS**

#### **1. Managing the Gateway**

At the national level the WDA will manage the Gateway for all public sector business support services and will be accountable for the Gateway through its own board.

The Gateway will provide access, through telephone and website, for businesses of all types and size, to business information, signposting and initial diagnostic services.

At the regional level the WDA proposes that the existing Business Connect Consortia should be more closely aligned to the regional economic fora. The Consortia should be responsible for developing, co-ordinating and implementing regional business support strategies. Support for the Consortia will be provided by WDA staff based at the WDA's

Regional Offices. Detailed specification of the Gateway will be complete by end December 2001 so that new arrangements can be implemented from April 2002.

The WDA proposes that the Business Connect brand should be retained for the Gateway only and not for any of the business support services which may be accessed through the Gateway.

## **2. The Case for extending Regional Call Centres**

Further evaluation of the existing Regional Call Centres will be undertaken during the period to March 2002.

### **3. To propose a geographic structure for business support services which provides convenient access for customers on a regional basis and improved co-ordination.**

The Regional Consortia will play a key role in developing easily accessible, locally delivered services. The WDA will work with partner organisations at every stage in the process to clarify and agree roles and responsibilities and to produce detailed plans for implementation from April 2002.

### **4. Transfer of RIN, SPUR and SMART from the National Assembly to the WDA.**

A joint working group has been established to ensure effective transfer of RIN, SPUR and SMART by April 2002.

## **1. To demonstrate that the needs of under represented groups are being met.**

The Entrepreneurship Action Plan, managed by the WDA, has led to the development of a wide range of activities to meet the needs of under represented groups and arrangements are in place to monitor the effectiveness of those activities working with Disability Wales, Chwarae Teg, the Commission for Racial Equality, Princes Trust Cymru, Menter a Busnes and Prime Cymru. The WDA will ensure that these activities are integrated into mainstream business support provision locally, regionally and nationally.

### **6. To review the Agency's policies to ensure that its procedures for handling complaints are clear and publicised.**

The WDA's existing complaints procedure will be reviewed in light of its enhanced role by April 2002.

**7. To identify areas of overlap and duplication of services and consider ways of streamlining provision.**

The WDA is undertaking a mapping exercise of its existing products and services. This should be completed by March 2002. Similar work is being carried out by other public sector organisations (e.g., ELWa) which, when complete, will allow the WDA and its partners to eliminate duplication and identify gaps in service provision. This will also ensure that publicly funded business support services do not compete with those provided by the private sector.

**8. To ensure that national quality standards are firmly embedded into all aspects of service provision.**

A range of methods will be used to ensure service provision of the highest quality (e.g., customer satisfaction, mystery shoppers, audit). Service providers will be required to meet specific professional standards.

**9. To introduce mechanisms to enable a proper evaluation of services to be conducted and review all services on a regular basis in terms of need.**

The WDA will work with other public funders of business support to evaluate and review services, based on the principle that the public sector should not compete with the private sector. The introduction of any new products/services will be client driven and required to demonstrate customer involvement in their design (e.g., through involving industry fora, sector groups as well as professional institutions and representative bodies such as CBI, FSB, Chambers).

**7. To reassure private sector organisations that there will be a transparency of decisions when there is potential for conflicts of interest.**

The Gateway will not be a service provider. This should ensure that all customers who access it receive impartial information. This will be monitored as part of the quality assurance process.

With regard to business support services, delivered either by the public or private sector which are funded and procured by the WDA, the criteria for decision making are and will be included in the tender specification.

**Annex 2**

**The handling of complaints; an 'Ombudsman' for business**

## **Introduction**

1. In its review of Business Support Services and subsequent discussions, the Economic Development Committee concluded that existing public sector complaints procedures were not sufficiently 'business-friendly.' The Committee's particular concerns were not so much related to the outcome of bids for financial assistance: they recognised that, potentially, all unsuccessful applicants could feel aggrieved and look for some means of over-turning the decision. However, they did feel that where the actual service offered had fallen short of the standard that the client could reasonably expect from the public sector, the options open the client were either insufficiently transparent or too long winded. They concluded that either a separate office for dealing with complaints, possibly within the remit of the Ombudsman system, should be established or that current arrangements should be modified.

## **Recommendations**

### **The current Ombudsman system**

2. As a starting point, the EDC requested that inquiries be made within the Assembly to discover whether the ongoing review of office of the Ombudsman could encapsulate this area.
3. We have been advised that the review, which was announced on 20 March, is being undertaken jointly with the Office of the Secretary of State for Wales. Its purpose is to consider whether the present arrangements for the organisation of the Welsh Administration Ombudsman, Health Service Commissioner and the Local Government Ombudsman, best meets the needs of Wales in the new century; allows for services to evolve in step with the changing face of public sector delivery; and provides for interaction with other complaint bodies.
4. While the scope of the review does not extend to either considering the establishment of new Ombudsmen, it will be the subject of a full consultation which it is hoped will commence by the end of the year.
5. Under the current arrangements, the WDA comes under the jurisdiction of the Welsh Administration Ombudsman as does the Assembly. (The situation regarding the successor bodies to the TECs is under consideration.) Together, these are the main players in the delivery and management public sector support services. There is a separate Ombudsman for local government.

### **Alternatives to the Ombudsman**

6. In their deliberations, the EDC recognised that the office of the Ombudsman represents the most formal end of the public sector complaints mechanism. And the Ombudsman would normally expect a complainant to have given the body being complained about an opportunity to put matters right through their own internal complaints procedure. It is important that recourse to the Ombudsman remains an option for any client who feels aggrieved by the treatment they may have received from the National Assembly or a Welsh public body. This will remain the case. However, it is not necessarily always the most appropriate route for a business needing a quick result. We have therefore looked at a more workable system for addressing this area.

7. As a rule, we found that all public sector bodies have in place already a procedure for handling complaints from its clients.

8. In the case of services offered by the Assembly, as well as the right of access by individuals to their elected representatives or Ministers, there is in existence already a Code of Practice on Complaints. (A copy of the Code can be obtained from the Intranet –

[http://assembly/aegis/AssemblyGuidance/New%20Structure/Codes%20and%20Protocols/complaintscode\\_firstedition\\_2000\\_e.rtf](http://assembly/aegis/AssemblyGuidance/New%20Structure/Codes%20and%20Protocols/complaintscode_firstedition_2000_e.rtf)

### **Services offered by other public sector partners**

9. Most of the services for businesses are delivered at the more local level, either through the local authority or a local enterprise agency or regional or local office of one of the national bodies such as the WDA itself or ELWa. In placing overall responsibility for the management of public sector business support in the hands of the WDA we have therefore asked them to review its own policies to ensure that its procedures for handling complaints are clear and well publicised. They have taken this on board and are working up detailed proposals for implementation with effect from 1 April 2002.

10. In particular, they propose to ensure that any third party with whom they contract for the provision of services financed by the public sector has in place a robust, credible and transparent complaints procedure.

11. Part of the answer to this particular area of concern is to ensure that the client is aware at the outset of the service they can expect. We have therefore also suggested to the WDA that the following tenets of good practice are embodied in the administration of any service or grant provided on their behalf by another party

- The terms and conditions of the scheme should describe any review procedures



- Rejection letters should refer to the procedure and provide a contact name if the client wishes to pursue a grievance
- Particularly in the case of a grant, if an initial inquiry is made about a decision, an explanation should be provided as to how the decision was made using evidence from the assessment process. (It is essential that the assessment process is sufficiently robust to withstand such a review.)
- If the client is still not satisfied, they should have the opportunity to have the case reviewed – possibly by a neutral official.
- Complaints should be dealt with in a timely manner.

## **Conclusion**

- It is felt that the complaints procedure is best left as part of the service specification delivered to clients and handled through the normal Agency complaints procedure.
- If the complainant is not satisfied, there will continue to be redress through the Welsh Administration Ombudsman under which the WDA operates.

**The EDC is invited to note and endorse this approach.**