EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY
4 SEPTEMBER 2008

DRAFT ECONOMIC DEVELOPMENT STRATEGY 2008– 2013

1.0 PURPOSE

1.1 To seek Members views on the draft Economic Development Strategy for Exeter and the sub-region for 2008 – 2013 following the comments received from the consultation process.

2.0 BACKGROUND

2.1 In June 2008 Members received a report on the key issues facing the local economy and the early draft of the Economic Development Strategy supported by a presentation from Cooper Simms, the consultants commissioned to support its preparation.

2.2 The city is a principal economic driver in the Region making it an important part of the South West economy and one which is at the core of the Exeter and Heart of Devon (EHOD) sub-region, an area which sits across the boundaries of Exeter, East Devon, Mid Devon and Teignbridge.

2.3 The EHOD group of district councils, private sector and other organisations including the University of Exeter have considered for many years the considerable advantage in working together to contribute to economic development of the sub-region. The partnership has developed two joint economic development strategies since 1998.

2.4 Common aims agreed between all the partners are to:

- ensure wide participation in developing and assisting in the implementation of this strategy;
- achieve a team approach to issues of common interest.

2.5 The key stages of developing the Draft Strategy for consultation included a review and collation of relevant economic data, workshops on key issues, interviewing key partners on possible actions in the next five years within the EHOD economy and developing a Vision, Strategic Objectives and an Action Plan.

2.6 At the beginning of July a draft extract of the strategy and proposed action plan were circulated widely for consultation with key stakeholders in the private, public and third sectors. Consultees were asked to comment upon and prioritise the proposed actions, whether the strategy adequately covered the key opportunities and pressures facing the economy, addressed the main issues affecting the competitiveness of the sub-region and whether partners would commit effort and potential resources to its delivery.

2.7 This report summarises the main points within the draft strategy and also key actions proposed, considering sub-regional issues first and then focussing on Exeter. The full range of proposed actions for the EHOD sub-region and also for Exeter and the other neighbouring local authority areas is contained in an Annex circulated to Executive Members and is also available on the website. Responses to the consultation will be reported to Members at the Committee meeting.

2.8 The main aim of the Economic Development Strategy is to guide the actions of key players and that of the Exeter and Heart of Devon (EHOD) Economic Partnership over the next 5 years in accordance with an agreed vision and strategic objectives. The strategic objectives must be compatible with government and regional policy and appropriate for the Partnership. The actions proposed must be within the capacity of the EHOD partners and make a measurable contribution to achieving the Vision. The whole exercise must be grounded in the context of the real sub regional economy, acknowledged by various

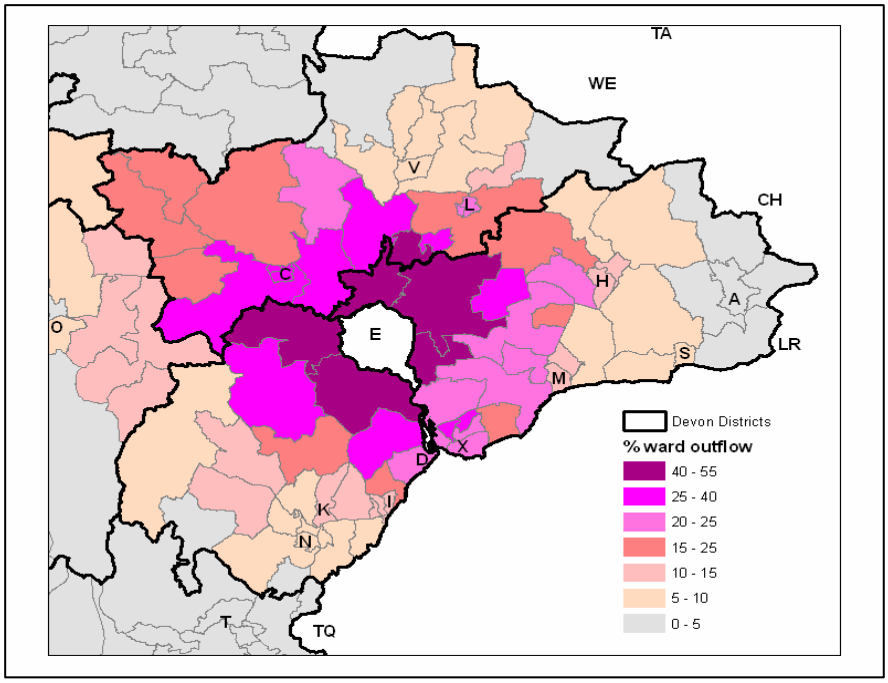
studies as broadly covered by the EHOD Partnership.

3.0 STRATEGIC CONTEXT

3.1 Exeter is a city of some 120,000 people but lies at the heart of a travel to work area (TTWA) of some 288,000 people; whilst the sub-region as a whole has a population of some 450,000 people.

3.2 Many indicators support the centrality of Exeter in the sub-region. Travel to work (shown in the figure below) is the most commonly used indicator of interaction in an area. The evidence here suggests that commuting falls off fairly sharply to the north (there is little commuting from Tiverton), extends out to the east (but falls off at Axminster), is mitigated to the south by alternative employment opportunities in Newton Abbot and Torbay and to the west overlaps with Plymouth's Travel to Work area (Plymouth is 45 miles and about 50 minutes away). The figure below produced from an analysis by the Centre for Urban and Regional Development Studies, Newcastle University illustrates workforce flows in and around Exeter.

Proportion of employed population working in Exeter



3.3 Although Exeter is a Principal Urban Area (PUA) and is recognised as having a larger Area of Economic Activity (AEA) than the administrative boundary, there are virtually no statistics on the basis of the PUA or AEA. Regional statistics on the economy give figures for Exeter and for Devon but not for the AEA because of the sub-region definitions used by the South West Regional Development Agency, as being based on a county, i.e. Devon, which thus suggests a definition for administrative convenience as opposed to the real economic functionality of an area, such as EHOD.

3.4 However, as part of the Regional Spatial Strategy (RSS) work, employment predictions were constructed for the "Exeter Housing Market Area" which roughly correlates to the Exeter TTWA. The results imply a growth of over 30,000 jobs in the Exeter AEA over the next 20 years. The table below details the jobs forecast, with growth primarily in distribution, hotel and catering, education & health and a range of services including those to business.

Employment in Exeter Housing Market Area Forecasts by Sector

EMPLOYMENT IN HOUSING MARKET AREA: EXETER (thousands)						Change	% Change
	2006	**2011**	**2016**	**2021**	**2026**	**06-2026**	**06-2026**
1 Agriculture etc	5.5	5.4	5.2	5	4.8	-0.7	-12.73%
2 Mining & Quarrying	0.5	0.4	0.4	0.4	0.4	-0.1	-20.00%
3 Food, Textiles & Wood	3.9	3.5	3.1	2.8	2.6	-1.3	-33.33%
4 Printing & Publishing	1.6	1.7	1.7	1.8	1.8	0.2	12.50%
5 Chemicals & Minerals	2.2	2.2	2.1	1.9	1.8	-0.4	-18.18%
6 Metals & Engineering	3.7	3.5	3.3	3.1	2.9	-0.8	-21.62%
7 Electronics	1.4	1.5	1.6	1.6	1.5	0.1	7.14%
8 Transport Equipment	1.5	1.3	1.2	1.1	1.1	-0.4	-26.67%
9 Manufacturing	1.4	1.4	1.4	1.4	1.4	0	0.00%
10 Electricity, Gas & Water	1.2	1.1	1	0.9	0.9	-0.3	-25.00%
11 Construction	19.5	20.4	21.6	21.9	22.1	2.6	13.33%
12 Distribution	37.7	39.9	42.3	44.9	47.5	9.8	25.99%
13 Hotels & Catering	16.4	17.3	18	18.6	19.1	2.7	16.46%
14 Transport & Comms.	9.5	9.6	9.6	9.7	9.8	0.3	3.16%
15 Banking & Insurance	5	5.1	5.2	5.3	5.3	0.3	6.00%
16 Other Business Services.	28.2	30.9	32.8	35.1	37.5	9.3	32.98%
17 Public Admin. & Defence.	21.2	21.6	21.4	21.1	20.8	-0.4	-1.89%
18 Education & Health	43.1	45.6	47.4	48.8	50.1	7	16.24%
19 Miscellaneous Services	13.7	14.7	15.8	16.7	17.7	4	29.20%
Total Employment	217.1	227.1	235.1	241.9	249	31.9	14.69%

3.5 Apart from a strong (and growing) population and employment base, the EHOD economic sub-region benefits from its strategic location, based on the M5 motorway, the A30 and the A38, the main South West rail line, the proximity of extensive areas of quality landscape, including coastline and an expanding regional and international airport.

Growth Points

3.6 The role of Exeter's growing economy is recognised by Government through its Growth Point Programme providing access to special funds for infrastructure projects and essential studies to support sustainable growth, i.e. the development of capital projects planned east of Exeter.

3.7 The role of the city and its TTWA is also recognised in the technical evidence base for the Regional Spatial Strategy. Roger Tym and Partners prepared a substantial document on the role of urban areas in the regional economy in 2006. This showed that the Exeter TTWA is the third largest employment hub in the Region (after Bristol and Plymouth) supplying 6% of the Region's employment. Exeter's contribution to the region's economy, as measured by gross value added (GVA) activity places the city in 4th place in the South West, with a GVA contribution of 5.9%. Swindon supplies slightly less employment (5.9%) but slightly more GVA (6.5%) – because of higher wage levels in the North East of the region. GVA is the often used measure for valuing relative impact in terms of total income generated by business and employment.

3.8 In terms of employment and GVA, Exeter TTWA, which is a substantial part of the EHOD economic sub-region, is therefore comparable to Swindon and Plymouth in scale. It would not be an unreasonable ambition for EHOD to seek to surpass both and become the third largest gross domestic product (GDP) contributor after Bristol TTWA and Bournemouth-Poole.

3.9 In moving towards such an ambition, EHOD is supported by containing two Growth Points (east of Exeter, already in receipt of government funds and Newton Abbot, the subject of a bid for funding) with the potential for a third at Tiverton.

SWOT

3.10 On the basis of information reviewed in the preparation of the draft strategy, the following table has been prepared highlighting the main strengths and weaknesses of the sub-regional economy and the threats and opportunities facing it.

Exeter and Heart of Devon economic sub-region

Strengths	**Weaknesses**
▪ Large home market population (450,000) ▪ Balance of urban centres and high quality rural environments ▪ Location on road and rail routes and new investment in them ▪ Exeter International Airport ▪ Growth Points – east of Exeter & Newton Abbot ▪ Largely well-qualified workforce ▪ Strong service sector in Exeter ▪ University of Exeter – rising star ▪ Met Office & Medical School ▪ Excellence in FE/HE vocational centres ▪ Good health indicators ▪ Low crime rates	▪ Low wage economy coupled with high house prices everywhere ▪ Rising car use, and congestion at peak times in urban areas ▪ Variable school performance and low stay-on rates post 16, although improving ▪ Shortage of sites within Exeter where demand is high ▪ Loss of qualified young people to other areas ▪ Concentrations of deprivation ▪ Low business formation ▪ SMEs shun apprenticeships ▪ Lack of recognition of contribution to the wider region ▪ Lack of affordable housing
Opportunities	**Threats**
▪ Populating the Innovation Centre, Science Park and other developments with high growth firms ▪ Attracting and creating firms through the increasing research strengths of the University, Medical School and the Met office ▪ New developments in education, skills & training to address under achievement and skills shortages ▪ Building on public sector strength as an economic driver ▪ Developing enterprise and incubation support and facilities ▪ New employment space strategy ▪ New Rural Development Programme for England ▪ Newton Abbot Growth Point – strengthening Exeter-Newton Abbot-Torbay axis	▪ Complacency from past success ▪ Current economic squeeze reducing high growth rates ▪ Polarisation of labour market creating more difficulties in finding jobs for the less able/less qualified ▪ Ageing workforce and population ▪ Mismatch of target high growth sectors and actual growth sectors ▪ Failing to engage young people in skills agenda ▪ Rural communities becoming more dormitory, increasing commuting and loss of sustainability ▪ Continuing poor market for inward investment ▪ High number of smaller businesses not engaging with initiatives such as train to Gain and Apprenticeships ▪ Unchecked cycle of deprivation in “pockets”

Vision for EHOD

3.11 In response to the issues covered by this summary, the following Draft Vision is proposed for adoption by the sub-region and partnership.

Exeter and the Heart of Devon Economic Partnership will promote sustainable economic growth allowing the sub-region to take its place as the third largest focus of high value employment in the Region.

- For the next five years it will work together to bring employers, their workforce and local young people into a virtuous circle of improved skills, training, enterprise and innovation.
- We will strengthen sustainable links between Exeter, Newton Abbot and Torbay, as well as making East of Exeter an exemplar growth point and improving the lot of rural and coastal communities by building local services for access to work, enterprise support and skills training.
- The Partnership will work with the South West RDA and the Devon Economic Partnership in initiatives that match our vision.
- It will work cooperatively with national, regional and local agencies either tasked with achieving relevant and compatible policy objectives or capable of assisting implementation of the vision through delivery action or funding.

3.12 The Strategic Objectives will continue to match those of the Regional Economic Strategy, which the partnership endorses and which it has helped to shape. Key sub-region wide priorities are grouped under the Strategic Objectives listed below. Additional Exeter specific priorities are listed in the next section of this report.

Strategic Objective 1 - Successful and Competitive Businesses - *through higher value jobs and improved turnover and investment*

- **Provide the right environment for business**

  - Continue to mobilise cross-sector partnership support for targeted inward investment opportunities (as was achieved with the Met Office re-location).
  - Continue to provide support and advisory services to small businesses.
  - Continue to provide an appropriate monitoring and ‘aftercare’ relationship with indigenous and investing organisations to help secure their long-term future in the region.
  - Use the Local Development Frameworks as vehicles to ensure a timely and adequate supply of employment space is provided.
  - Make maximum use of the opportunities presented by planning permissions to promote sustainable economic development presented by Section 106 and other conditions, including links to local labour and skills training.

- **Provide the right workforce for business**

  - Establish the Exeter and Heart of Devon Employment and Skills Board as a driver to ensure matching between employers’ needs, target sectors’ needs and skills training offered.
  - Work towards a smooth path of progression for young people from school to college to work, supported by good labour market information and training opportunities.
  - Bring public sector employers into a partnership to source and train labour locally – rather than importing skilled workers.
  - Promote development of skills in knowledge based businesses e.g. Flybe Training Academy.

- **Create a culture of Enterprise and Innovation**

  - Promote image of EHOD for investment and support and encourage the development of key sectors.
  - Work with the Exeter Science Park Steering Group to establish an appropriate management vehicle for the Science Park, secure planning permission and start development of the site
  - Work with partners to secure adequate and consistent funding for the creating of an integrated business support, advice and training framework across the sub-region for small and medium enterprises
  - Ensure incubation units and enterprise centres are placed at strategic points in the sub-region, supported by business advisors and mentors.
  - Work with schools and business support providers to ensure early training in business skills is provided.

Strategic Objective 2 - Strong and Inclusive Communities - *by improving access to jobs and services through training and other measures*

- **Improve participation in the economy**

  - Continue to work with the EHOD Workforce Development Group to develop targeted programmes raising the skills levels of those in deprived areas, especially groups on incapacity benefit and the learning disabled using pilot schemes to assist them and other disadvantaged groups into work.
  - Encourage training delivery agencies to target deprived communities, raising basic skills and progression to higher skills
  - Strengthen the voluntary and community sector as a catalyst for economic inclusion, using public sector commissioning to encourage and support third sector providers. Support areas with the greatest concentrations of multiple deprivation.
  - Facilitate support for actions aimed at raising household incomes by working closely with partners to ensure comprehensive take-up of benefits and securing access to training for remote and disadvantaged communities (ICT, transport, childcare provision, outreach services etc).
  - Develop targeted actions to tackle deprivation in the most deprived areas including Exeter, Exmouth, Newton Abbot and Tiverton.

Strategic Objective 3 - An effective and confident sub-region – *through effective partnerships, lobbying and coordinated funding*

- **Improve Transport Infrastructure**

  - Improve Transport Networks to ensure connectivity, providing access to markets and tackling peripherality by ongoing lobbying for:
    - commitment to A303 / A30 improvements (Honiton to Ilminster) and north-south access improvements
    - improvement to the frequency and reliability of Exeter-Paddington and Exeter-Waterloo services
    - commitment for maximising use of existing rail network (and stations) in the Exeter Travel to Work area
    - improvements to the rural bus network to increase access to employment, training, local services and transport hubs

- **Promote and enhance what is best about the sub-region**

  - Improve the way the EHOD is perceived by investors, businesses, potential workers.
  - Develop and promote sub-regional attractions and events that will deliver significant and sustainable economic benefits through high profile landmark

developments to increase the 'visibility' of sub-region (e.g. redevelopment of Princesshay, Skypark, Science Park, and the World Heritage Coast).
- Develop the individual character of settlements through planning, promotion and product development.

- **A sustainable sub-region**

  - Contribute towards developing the South West as the leading region for sustainable development.
  - Support environmental orientated enterprises
  - Support joining between public, private and voluntary sectors to secure the development of appropriate and environmentally sustainable housing, both market and affordable, in mixed and sustainable communities with adequate amenities and infrastructure
  - Implement the region's sustainable waste strategy through:
    - working with the waste sector to improve services offered to businesses and improve recycling rate for commercial wastes
    - stimulating waste recyclates market
    - developing innovative approaches to waste management

- **Improve leadership, influence and partnership**

  - Ensure planning policies in Local Development Frameworks reflect vision and goals of the economic development strategy.
  - EHOD Economic Partnership to maintain with partners a delivery framework to implement the Strategy and deliver identified economic development projects throughout the sub-region.
  - Ensure partnerships are "action-orientated" and respect different roles.
  - Review with the Environmental Agency measures to address flooding designations that affect many of the sub-regions potential development sites.

4.0 Exeter and its vision for the economy

4.1 The City of Exeter provides workspace for over 88,000 people including self-employed and is a centre for the great majority of the EHOD area for study, training, shopping and entertainment.

4.2 In recent years, Exeter's very buoyant economy has put pressure on land availability for new development, particularly in the centre. The key driver for expansion of workspace in Exeter is market demand, which has left scarcely any land capacity in the City. However, the Local Development Framework is seeking to resolve this in addition to the development of the Science Park and the Skypark just outside the city boundary.

4.3 It is considered that Exeter will continue to make a significant contribution to regional prosperity by continuing to prioritise the knowledge sector, business and financial services, public and health and media and tourism – in effect building on the existing and compatible strengths and extending them. However, the following table shows the relatively low quality of jobs held by Exeter residents. This reinforces the issue that whilst there are higher quality and higher paid jobs in the City, they are frequently held by those choosing to live elsewhere.

Distribution of Occupations by place of residence October 2006 – September 2007

	Exeter	%	EHOD %	Devon %	S West %
1 Managers and senior officials	9,500	16.0	17.5	14.8	16.2
2 Professional occupations	7,500	12.6	11.4	11.5	12.6
3 Associate professional & technical	9,400	15.8	14.4	13.3	14.3
4 Administrative & secretarial	6,400	10.8	11.2	11.3	11.6

5 Skilled trades occupations	2,400	4.1	11.6	12.9	11.9
6 Personal service occupations	5,100	8.6	8.0	7.9	8.2
7 Sales and customer service occupations	6,500	11.0	7.6	8.3	7.4
8 Process plant & machine operatives	3,900	6.6	5.6	6.6	6.5
9 Elementary occupations	8,600	14.5	12.7	13.4	11.3
	59,300	100	100	100	100

Source: Office for National Statistics (ONS)

4.4 These figures from the ONS for the period October 2006 to September 2007 show an increase in 3% in managers and officials to 16% in Exeter and 17.5% in EHOD. Other significant changes include a reduction of skilled trades in Exeter to 4.1% (EHOD 11.6%) offset by an increase in personal service occupations to 8.6% (EHOD down to 8%). Elementary occupations in Exeter also fell to 14.5% although EHOD remained unchanged at 12.7%. There was little change in the South West percentages.

Key sectors - Potential economic growth areas

4.5 Exeter has a very high preponderance of public sector employment. Public sector jobs tend to be more stable and are, on average, likely to require higher levels of skills and qualifications. Manufacturing is a low component of Exeter's economy, and since this is a nationally shrinking sector, this must be an advantage, although existing manufacturing businesses are not insignificant and are important to the city.

4.6 Other strong sectors in the city are distribution, hotels & restaurants, Finance, IT and other business activities. Distribution is likely to shrink within the city with the advent of the Freight Terminal and the natural tendency of the distribution industry to cluster in out of town locations on strategic routes. There is further potential for hotel (and especially conference) facilities and restaurant growth. However, this sector is likely to experience a quite severe setback in the current credit squeeze, given its preponderance of optional expenditure but on the other hand, the growth of remote and mobile working and the increased use of Exeter International Airport imply the opposite direction.

Employee jobs by industry in Exeter

	Exeter	%	E H O D %	Devon %	SW %
Manufacturing	3,700	4.4	7.9	10.2	11.4
Construction	3,900	4.5	5.3	4.8	4.5
Distribution, hotels & restaurants	18,200	20.3	25.2	27.0	25.7
Transport & communications	5,700	6.5	6.1	5.4	4.8
Finance, IT, other business activities	16,200	18.5	15.2	13.6	18.2
Public admin, education & health	32,500	39.8	32.6	32.0	28.5
Other services	3,700	4.1	5.2	5.0	5.0
Tourism-related†	*4,700*	*5.5*	*9.2*	*11.0*	*8.8*
Total employee jobs	84,900	100.0	100.0	100.0	100.0
Full-time	54,800	63	62.1	62.3	64.7
Part-time	30,100	37	37.9	37.7	35.3

Source: ONS and ABI 2006

4.7 Within Devon, just over 80,000 people are employed in Knowledge Based Industries (KBI), making it by far the largest "sector". The distribution across local authority districts is illustrated in the table below, which demonstrates the significance of the city. Only Exeter has seen any real growth in terms of numbers over the last 4 years (+2,200), a growth of more than 10%.

Knowledge Based Industry Employment in EHOD 2003-06

	2003	2006	Change 2003-06	% Change 2003-06	Average Annual % Change
Exeter	20,378	22,603	2,225	10%	2.4%
East Devon	5,401	4,369	-1,032	-24%	-6.5%
Mid Devon	1,866	1,976	110	6%	1.4%
Teignbridge	5,073	4,283	-790	-18%	-5.0%
Total	**32,718**	**33,231**	**513**	**2%**	**0.4%**

Source: Cooper Simms from ABI 2006

4.8 The question is "can Exeter establish a stronger proportion of KBIs in its economy and can it establish centres of excellence in environmental research, medical science and health?" The answer would appear to depend on the performance of those demanding or providing knowledge. These would include the Met Office, Peninsula Medical School, Innovation Centre and the University in creating the seeds of such industries.

4.9 All of these organisations are investing in their long term development and in research activities. Most notably at present, the University of Exeter, in line with its ambitions to enter the top ten league of UK universities is investing £80 million in science, medicine and engineering over the next three years, with £30 million of existing University funds and an anticipated £50 million from external sources being spent on new appointments and infrastructure to boost research and teaching.

Enterprise and support for small business

4.10 Exeter appears to have a lower rate of entrepreneurial activity than other locations; the city's rate of VAT registered businesses per 10,000 of its working age population is around 33, compared with much higher rates in other geographic areas. It remains therefore important to improve performance on the number of start-ups, not only to broaden Exeter's economic diversity and be more able to withstand the vagaries of the market, but also to create employment for residents that might seek ways of improving their income.

4.11 As Members will be aware, an agreement was reached between the City Council, Peninsula Enterprise (the provider of Business Link Services) and Peninsula Innovations Limited and the University of Exeter activities in the Innovation Centre to provide a co-ordinated approach to support for pre-start and new businesses, resulting in the launch of the Exeter Business Support Service in June 2008.This should serve to improve client handling and support with the focus of the service being on increasing the number of start ups, jobs created and consequent survival rate of businesses in Exeter. This initiative should provide the platform for more work in this area for generating business start-ups and securing higher survival rates.

Education and Skills

4.12 There is a consensus that the most effective route to reducing income inequalities is supplying those most in need with the best opportunities to improve educational achievement and to access relevant, and employer-friendly training in economically-desired skills. This will be pursued via the EHOD Employment & Skills Board on a sub-regional basis, working with the Exeter for Learning Partnership, the Learning and Skills Council, Exeter College and others.

4.13 It is important to note that Exeter suffers from headline low educational attainment at 16 years that is complex but undoubtedly affects the city's image and attraction as a location. In 2007, 49.3 % students in Exeter's schools achieved 5+ A* to C GCSE's, the lowest in Devon. Elsewhere performance was higher, for e.g. Plymouth 60.1% and Torbay 60.9%.

4.14 On the other hand, Exeter on the face of it performs above the regional and national averages for the adult population in relation to literacy. In Exeter, 47% of adults have the equivalent of a GSCE in English (level 2), in the South West it is 46% and in England 44%. However, in Priory for example, only 19% of adults have the equivalent skill. Moreover, when looking at the equivalent level in numeracy, Exeter performs below the regional and national average at 16%, 23% and 25% respectively.

4.15 The city is often referred to as having two wards within the worst 10% in the country where people experience high levels of deprivation. The reality is that the nature of employment and education related disadvantage is experienced more widely across the city in smaller concentrations. For instance, Exeter has 7 Super Output Areas (SOAs) that are in the worst 10% most deprived nationally for education, skills and training, with one falling in the worst 1%.

4.16 The City Council works with groups who seek to help such individuals on the road to work through the Exeter Positive Steps Fund. Reducing income inequalities and worklessness are the key routes to alleviating deprivation. In this, improved skills for individuals have a key role for both reducing income inequalities and improving productivity and the consequent prosperity of businesses and the city.

4.17 The city performs better in relation to higher level skills and qualifications, with just over 26% of its working population having the equivalent of an 'A' level (Level 3), above that of the South West at just over 17% and around 15% across Great Britain. However, the percentage of the working population with the equivalent of a degree or higher (Level 4+) in Exeter is lower, around 25.5% for the city but over 27% for both the region and Great Britain.

4.18 The lower performance in Exeter at below Level 2 and Level 4 and above is a critical issue for the city, moreover as workplace training is reported to be falling short of demand to create skilled personnel to support the locally growing economy and crucially employers, according to the South West Observatory, are reporting significant skill gaps in Level 3 in all sectors.

4.19 There is national concern that people entering or in the workforce without at least Level 2 skills and qualifications will find it increasingly difficult to secure jobs. Moreover, to sustain the city's competitiveness the challenge for providers, the workforce and employers is to achieve more people with skills and qualifications at Level 3 and above.

The Liveable City

4.20 As with skills, improving the liveability of Exeter and contributing to its economic development has the double effect of improving its competitiveness for investment and improving social balance and sustainability.

4.21 Recent investment has been made in the Exeter Northcott Theatre and the extensive £15m refurbishment and creation of new galleries in the Royal Albert Memorial Museum is well underway. The major development of a cultural quarter around the Exeter Phoenix and Royal Albert Memorial Museum is planned. The additional activities of Exeter College, the University and of the Cathedral provide cultural ballast.

4.22 A competitive city does need to be a magnet for people, to be the meeting place, the centre for cultural exchange, business development, creativity and innovation. The ingredients of successful cities include:

- Legibility, including signage and grouped activities (quarters)
- Unimpeded and spacious pedestrian routes
- Open spaces with animation
- Iconic public art
- Appropriate landscaping
- Cultural assets

- Integrated housing
- Range of retail offer

4.23 Exeter has been the subject of a variety of large and small-scale joint initiatives that have worked successfully towards this mix. However, the city should not rest on its laurels and continue to take a longer-term view of evolving and improving its attractions and relative position in comparison to its competitors. They may well be a need to set out the longer term agenda for developments, both for planning purposes as well as maintaining the progressive co-ordinated development of the city.

Exeter as Science City?

4.24 Investment and competitiveness can also be gained by further aligning Exeter to the Government's increasing prominence on the role of science and technology in building a competitive economy within the UK.

4.25 Around the UK six cities have achieved a high profile focus for themselves and are strengthening their capability and capacity as economic drivers by securing a Science City designation. These are Nottingham, Bristol, York, Newcastle, Manchester and Birmingham – all looking to drive up their productivity and competitiveness both to enhance regional economic performance and reduce disparities, whilst maximising the potential for local benefit.

4.26 This is not just about making the most of and building upon world-beating leading research and business activity, it is also about engaging and encouraging the development of a strong skills base to support it.

4.27 It is critically important to engage and inspire young people to explore their potential and pursue careers in science by developing even more effective links between science and education at all levels. Building up a greater range of higher skilled and better paid jobs in the local economy will be key. On the face of it Exeter has a good set of building blocks but some big challenges.

The building blocks:

- A leading university growing in reputation with ambitious plans for further developing its science base
- The Met Office – a world leading meteorological and climate change organisation
- A leading medical school with a growing portfolio of research
- A limited number of science/technology based companies
- A rapidly growing Innovation Centre
- An ideal site for a thriving science park dependent on its positioning in the market place and early successes

The challenges:

- Can schools be engaged in a very hands-on way to stimulate interest and promote higher aspirations?
- Have we got the right mix to attract and retain the right graduates and post graduates?
- Are there well developed networks of support professionals that can provide the right level of specialist advice and expertise?
- Do we have the desire, appetite and leaders to make this happen?

4.28 It may well be the case that securing Government "Science City" designation for Exeter at this point in time is neither achievable nor desirable. Developing the ambition into a marketable prospectus and enhancing the image of the city in a tangible fashion could however still be pursued as the basis for significant profile raising and changing the perception of the University and the city.

4.29 Learning from the successful bids to become a “Science City” points to having as comprehensive an approach as resources and partners can muster, going beyond technology and knowledge transfer into also having relevant expert and specialist business support, suitable communications and transport infrastructure, sites and buildings, including a “property ladder”, a focus on education, training and skills development and community engagement.

4.30 The geography of such an initiative should not be restricted to the physical boundary of the city but focussed on its sphere of economic influence - its sub-regional focus on a hub and spoke or clustering model to work, with as wide a range of agencies, institutions and companies as possible.

Draft Vision for Exeter

4.31 Exeter has a strong sense of destiny and of its position at the heart of the sub-region, and indeed the Region. With both Bristol and Bournemouth-Poole lying at the edge of the region, Exeter, with its concentration of regional bodies and public sector employment has a strong claim to be the regional capital.

4.32 Exeter, together with partners in EHOD, has worked towards the creation of new developments east of the city designed to further encourage the development of knowledge-based industries based on science and technology. It has been argued that the city itself should remain based on knowledge-based industries focused on public sector and business and financial services adopting the Work Foundation’s concept of the city as an ‘ideopolis’.

4.33 The characteristics of an Ideopolis (a sustainable knowledge intensive city that drives growth in the wider city region) are:

- High levels of economic success.
- High levels of knowledge industry.
- A diverse industry base including distinctive specialist niches.
- One or more universities that have a mutually beneficial relationship with the city, leading to industries built on research strengths, transfer of knowledge to businesses and the retention of graduates.
- Strong communications infrastructure and good transport links within the city and to other cities, including by air, rail and road.
- A distinctive long-term ‘knowledge city’ offer to investors and individuals alike, created by public and private sector leaders.
- Strategies to ensure that all communities benefit from the economic success associated with knowledge.

4.34 It is proposed that Exeter continues to build its future around this concept. The vision should also incorporate Exeter’s role as a lively, animated meeting place, the centre for business meetings, conferences, dining, arts experiences, retail, entertainment, festivals and learning, with students more inclined to try and stay in the area.

4.35 **The suggested vision is:**

“Exeter will continue to grow its highly significant contribution to the economic prosperity of the South West. It will reinforce its position as the focus of economic activity, entertainment, shopping and learning for over 300,000 people living or working within 30 minutes of the city. In line with its aspiration to be an "Eco-Science City", as well as sustaining its broader successful economy, it will continue to target knowledge-based high quality jobs particularly in science and technology and professional business services, whilst supporting the growth of indigenous and new businesses in order to expand and make our service based economy more inclusive. Fundamental to this will be close partnership working between employers, schools, higher and further education institutions, training providers and key public and third sector bodies.”

Strategic Objectives for Exeter

4.36 Actions proposed to address skills issues, which are very relevant to the wider sub-region and the city have been listed under section 3.12 and are not repeated here. The suggested objectives and priority actions for the city have been included within the Action Plan attached at Appendix 1; for ease of reference, the priorities and actions under the strategic objectives proposed specifically for Exeter are:

Strategic Objective 1 - Successful and Competitive Business

- Continue to focus on growing knowledge-based industries, by working with the University, Medical School, the Science Park Company and Met Office as catalysts for growth and new organisations.
- Working with the Science Park Company to develop a clear strategy for occupation of the Science Park.
- Aim to attract and retain public sector and other knowledge-based employment
- Support the University of Exeter in its bid to raise research excellence and investment and to be a centre of knowledge transfer
- Promote the Science City or Eco-Science City concept based on the characteristics of Exeter as an “ideopolis”
- Promote a hotel/conference centre in the city centre to accommodate larger events and promote specialist conferences in desired sectors.
- Maximise effectiveness of the Innovation Centre as a sub-regional hub for supporting development of high growth knowledge based enterprises.
- Work with Partners to build on the newly established Exeter Business Support Service to promote an increase in new businesses growth

Strategic Objective 2 - Strong and Inclusive Communities

- Develop measures to address deprivation prioritising those pockets in the city identified as being in the worst 20 ‘super output areas.’
- Enhance business links and involvement with schools to support measures to address low attainment and raise aspirations

5.0 FINANCIAL IMPLICATIONS

5.1 Any financial implications for the implementation of the City of Exeter and EHODEP Economic Development Strategy will be reported to Committee on a project-by-project basis.

6.0 RECOMMENDATION that: -

6.1 Members note the report and provide their views on the proposed strategic priorities and action plan for the City of Exeter and also for the Exeter and Heart of Devon Economic Partnership’s Economic Development Strategy 2008 – 2013

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Local Government (Access to Information) Act 1985 (as amended)
Background Documents:

1. Scrutiny Committee – Economy 5 June 2008 ‘Economic Development Strategy 2008– 2013’