

EXETER CITY COUNCIL

**SCRUTINY ECONOMY COMMITTEE
11 JUNE 2009**

**EXECUTIVE
16 JUNE 2009**

RESPONSE TO THE RECESSION

1.0 PURPOSE OF REPORT

- 1.1 This report is to advise Members on a range of possible initiatives intended to respond to the impact of the recession on businesses and individuals in Exeter.

2.0 INFORMATION

- 2.1 Members of Executive received a report of the meeting held on 7 April setting out actions which had been taken by the City Council in conjunction with a range of stakeholders which is intended to help businesses and individuals cope with the recession and to co-ordinate action between the various organisations involved. Executive agreed to endorse the approach being taken and to request that a stakeholder consultation take place to establish the key priorities prior to reporting back to Executive in June.

- 2.2 When considering the range of initiatives which Members may wish to take, the following broad criteria are proposed:

- o that any initiative is of limited duration and intended to focus action during the worst period of the recession rather than being a permanent addition to service provision and cost
- o the project should address the social or economic impacts of recession
- o projects should be targeted at the effects of the recession on individuals as much as on businesses
- o projects should seek to build a base for future recovery
- o they should underpin Exeter's competitive position with other locations during this difficult trading period.

- 2.3 Discussions about the approach have taken place with the Chamber of Commerce, the Federation of Small Businesses, the stakeholder group chaired by the Chief Executive and a series of individual organisations that have expressed an interest to pursue a particular project. The general approach has been broadly agreed and the following projects are proposed for consideration.

3.0 POSSIBLE PROJECTS

Trinity Project

- 3.1 This would be a combined project led by the City Council and delivered by the Citizens Advice Bureau and in conjunction with the Courts Service. It will provide a full time adviser in the City Council's Customer Service Centre providing people with advice on dealing with debts, benefit enquiries, support for the formerly self-employed with debts and mortgage re-possession advice. In addition to this, a part time advice worker will be based at the Exeter County Courts to provide householders with advice who are facing claims for re-possession of their homes. The total cost of this proposal is £65,000.

Vacant Retail Units

- 3.2 Whilst the number of vacant retail units currently totals around 50, it is only 8% of the total stock and can have a particularly negative presence in high profile locations. The City Council has been working with others to develop material that can be used in vacant units which gives a poor impression to passing shoppers and visitors of the range of attractions that exist in the city as a whole. In order to avoid rates liability, displays need to be of a non-commercial nature. The estimated costs of providing these displays in some 10 retail units is approximately £10,000.

Christmas Promotion

- 3.3 The recession will have been running for a year by the Autumn of this year and retailers will be relying very heavily on the normal surge in spending in the 2-3 months before Christmas. There will undoubtedly be intense competition between retail centres around the region and it is proposed that the city needs to make a very significant impact in this highly competitive market. To do this, it is proposed that an additional one off £20,000 marketing budget is set aside with private sector funding sought to complement this figure.

City Profile/Tourism Marketing

- 3.4 As with the previous item, there is a need to boost the city's profile for wider business purposes, for conferences and for tourism. A particular focus for tourism would be the weekend break market for the Autumn and the general visitor market for early 2010. Some £35,000 is proposed for this.

Procurement

- 3.5 The City Council is working closely with the Federation of Small Businesses and the Chamber of Commerce to make the public sector's procurement process fully accessible to small businesses. Promotion and publicity for this service is proposed at a cost of £5,000.

Continued Operation of the Business Centre

- 3.6 Exeter Business Centre Limited is a council controlled company set up to operate managed workspace provision at its building at 39 Marsh Green Road. This former warehouse building is subdivided to provide 57 small office and workshop units made available on inclusive, flexible terms to a range of start up and small businesses. The Company provides a reception facility and an on site management function to the occupiers. EBC Ltd hold the premises on a lease expiring in March 2011 paying a rent of £103,000 per annum, to which the Council stands as guarantor.
- 3.7 For the last few years the operation has traded at something close to a break even position, with its income from lettings largely matching its outgoings on rent, repairs and the provision of services, and this position has been maintained for the 2008/2009 financial year. However, lettings have suddenly and significantly dropped given prevailing market conditions, the (intentional) ease with which occupiers can serve notice to leave, the lack of new businesses seeking start up space and increased competition from other business space providers. On current vacancy rates (around 30%), and allowing for the limited financial reserves of the company, a cash injection will be required for the two years remaining on the lease to prevent the company becoming insolvent. A report to the EBC Board in April 2009 identified this likely shortfall and it was resolved to seek support from the Council to keep the company afloat. The extent of support required is considered to be £60,000 for 2009/10 and, although only an estimate

at this stage, £65,000 for 2010/11, being the final year of the lease. Such support should ensure that the centre can remain solvent for this period, providing continued support to the remaining small businesses operating from the centre and to any new recruits.

- 3.8 A report on the scope for, and issues associated with, any renewal of the lease from 2011 will be brought to the EBC Board and to Executive at the end of 2009, or once the future of Local Government Review is known, as this will impact upon future decision making for the centre.

Skills Development

- 3.9 The opportunity for individuals and organisations to cope during and after the recession will partly depend on their skills base. During the recession the training of apprentices will suffer. The skills gap filled by migrant workers is likely to return as the economy improves. In order to prepare for the recovery and to enable local people to be able to take advantage of new opportunities which should arise, there is a need to work with employers and training providers to determine what the priorities for investment in skills development should be. It is proposed to set aside £15,000 towards the costs of determining what the impact of the recession has been locally on workforce development, including apprenticeships, and to identify where funding for training should be prioritised for greatest impact on the economy. This work would be carried out collaboratively with Exeter College and the Learning and Skills Council.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Members are asked to consider these proposals which could be funded from the LABGI grant.

5.0 RECOMMENDATION

- 5.1 It is recommended that Scrutiny comment on the above proposals and Executive determine whether they wish to proceed with the proposals outlined in Section 3 of this paper.

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ECONOMY & DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None