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**AGENDA FOR**  
**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - ECONOMY**

The Scrutiny Committee - Economy will meet on **THURSDAY 12 NOVEMBER 2009**, commencing at **5.30 pm**, in the Rennes Room, Civic Centre, Paris Street, Exeter to consider the following business. If you have an enquiry regarding any items on this agenda, please contact Sharon Sissons, Member Services Officer on **Exeter 265115**.

***Entry to the Civic Centre can be gained through the Customer Service Centre, Paris Street.***

Pages

**Part I: Items suggested for discussion with the press and public present**

1

**MINUTES**

To sign the minutes of the meeting held on 3 September 2009.

2

**DECLARATIONS OF INTEREST**

Councillors are reminded of the need to declare personal and prejudicial interests, including the nature and extent of such interests, in relation to business on the agenda, before any discussion takes place on the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

3

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

To pass the following resolution:-

**RECOMMENDED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded for the meeting for the consideration of item 18 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1 and 4 of Part 1, Schedule 12A of the Act.

4 **QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19**

A period of up to 15 minutes should be set aside to deal with questions to the Committee from members of the public.

*Details of questions should be notified to the Assistant Chief Executive at least three working days prior to the meeting. Further information and a copy of the procedure are available from Member Services (Exeter 265115) and also on the Council web site <http://www.exeter.gov.uk/scrutinyquestions>*

5 **QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20**

To receive questions from Members of the Council to appropriate Portfolio Holders.

6 **PORTFOLIO HOLDERS TO PRESENT THEIR HALF YEARLY REPORT**

Councillor Wadham (Portfolio Holder for Sustainable Development and Transport) and Councillor Mrs S R Brock (Portfolio Holder for Economy and Tourism) will present a half yearly report on the Scrutiny Committee work programme.

**MATTERS FOR CONSIDERATION BY SCRUTINY ECONOMY**

7 **OFFICE OF FAIR TRADING REFERENCE - LOCAL BUS SERVICES**

To consider the joint report of the Projects and Business Manager and Head of Parking, Engineering and Business Support – *report circulated* 1 - 12

8 **CONSULTATION BY NETWORK RAIL - GREAT WESTERN ROUTE UTILISATION STRATEGY**

To consider the report of the Projects and Business Manager and Head of Parking, Engineering and Business Support – *report circulated* 13 - 26

9 **SUSTAINABLE COMMUNITIES ACT 2007 - PROPOSALS FROM TRANSITION EXETER**

To consider the report of the Director Economy and Development- *report circulated* 27 - 34

10 **OFFICE OF FAIR TRADING REFERENCE - LOCAL BUS SERVICES**

To consider the report of the Head of Economy and Tourism – *report circulated* 35 - 40

11                    **CONSULTATION BY NETWORK RAIL - GREAT WESTERN ROUTE  
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To consider the report of the Head of Economy and Tourism – *report circulated*                    41 - 60

12                    **HERITAGE OPEN DAYS 2009**  
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13                    **CAPITAL PROGRAMME MONITORING**  
To consider the report of the Projects and Business Manager and Head of  
Parking, Engineering and Business Support – *report circulated*                    65 - 68

14                    **ECONOMY STEWARDSHIP TO SEPTEMBER 2009**  
To consider the report of the Head of Treasury Services – *report circulated*                    69 - 72

15                    **RISK MANAGEMENT**  
  
To consider the report of the Head of Audit – *report circulated*                    73 - 88

16                    **HALF YEAR RESULTS OF PERFORMANCE MONITORING 2009/10**  
To consider the report of the Projects and Business Manager and Head of  
Parking, Engineering and Business Support - *report circulated*                    89 - 94

17                    **PROPERTY PERFORMANCE INDICATORS**  
To consider the report of the Head of Estates Services – *report circulated*                    95 - 100

18                    **PROPERTY VOIDS AND DEBTS**  
To consider the report of the Head of Estates Services – *report circulated*                    101 - 106

**MATTER FOR CONSIDERATION BY THE EXECUTIVE**

**PART II: ITEM SUGGESTED FOR DISCUSSION WITH THE PRESS AND PUBLIC EXCLUDED**

19                    **SERVICE REVIEW OF BUILDING CONTROL**

To consider the report of the Head of Planning and Building Control and the Director Economy and Development on a proposed service review of Building Control – *report circulated to Members*

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### **DATE OF NEXT MEETING**

The next **Scrutiny Committee - Economy** will be held on Wednesday 16 December 2009 5.30 pm

### **FUTURE BUSINESS**

The schedule of future business proposed for this Scrutiny Committee and other Committees of the Council can be viewed on the following link to the Council's website: <http://www.exeter.gov.uk/forwardplan>  
Councillors can view a hard copy of the schedule in the Members Room.

#### **Membership -**

Councillors M A Baldwin (Chair), Gale (Deputy Chair), P J Brock, Coates, A Hannaford, Martin, Noble, Robson, Sheldon, Shiel, P A Smith, Starling and Wardle

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - ECONOMY 12 NOVEMBER 2009

#### OFFICE OF FAIR TRADING REFERENCE – LOCAL BUS SERVICES

#### **1 PURPOSE OF REPORT**

- 1.1 This report is to inform Members of the Council's response to an Office of Fair Trading (OFT) consultation in relation to local bus services in Great Britain. The OFT has conducted a study into bus services and proposes to refer the industry to the Competition Commission for a market investigation. This report seeks Members' endorsement of the response already submitted to the OFT with the agreement of the Portfolio Holder for Sustainable Development and Transport (in order to meet the consultation deadline).

#### **2 BACKGROUND**

- 2.1 The OFT has conducted a study into the provision of local bus services. The national context (outside London) is that since deregulation of the industry in 1986, most bus services (currently around 80%) have been operated on a commercial basis, although local transport authorities (LTAs, such as Devon County Council) have been able to support certain services which would not otherwise be viable. In such cases the LTA lets a contract for a service or group of services through a tender process. The LTA has no control over fares on commercially operated services. The taxpayer contributes to bus services in several other ways, including local and central government funding of the concessionary fares scheme, and Bus Service Operators' Grant (BSOG) which is a partial rebate of fuel duty to operators.
- 2.2 The OFT's study has concluded that local bus markets may not be working as well as they could be to serve bus users and the taxpayer. The conclusions of the study are that limited competition in some parts of the country tends to result in higher fares and lower quality of services. Also, in the case of contracts to run supported services, competition during the tender process appears to be weak in some areas.
- 2.3 The OFT has identified a number of apparent reasons for this, namely a lack of competition between operators on many routes, a reluctance on the part of small operators to compete with the large ones, and an unwillingness on the part of big operators to enter into integrated ticketing arrangements where this might benefit a rival. Passengers are not in a position to "shop around" because in many cases there is no choice, and where there is a choice, people do not demonstrate any brand loyalty but tend to board the first bus that comes along.
- 2.4 When the OFT is minded to make a reference to the Competition Commission, it has to consult interested parties before doing so. The OFT has consulted in this case, and responses were due by 15 October 2009. At the meeting of Scrutiny Committee – Economy on 3 September 2009, Members indicated strongly that they wished the Council to become involved in the investigation of these issues, and officers have therefore responded by supporting the reference to the Competition Commission. The

Portfolio Holder for Sustainable Development and Transport was consulted on the response, which appears as Appendix 1 to this report.

- 2.5 If the Competition Commission finds that there are adverse effects on competition, it has the power to undertake a more detailed investigation and devise potential remedies. This process would require further consultation.

### **3 PRINCIPAL FINDINGS**

- 3.1 Since deregulation in 1986, the industry has gradually consolidated into four large national groups operating about 67% of the fleet outside London (of which Stagecoach and First operate in the south west), five large regional groups (none of which is active in the Exeter area), and around 500 smaller operators. In short, bus operators tend to be very big or very small. It should be noted that the operators co-operated with the investigation by agreeing to waive confidentiality so that the OFT could obtain extensive financial and other data from the Department for Transport (DfT).

#### **3.2 Commercial services**

There is considerable concentration of the operations of the big operators at all levels, namely on individual routes, within towns and throughout regions. Over much of the south west peninsula, First is the dominant operator, although a swathe of Devon (encompassing Exeter) is Stagecoach territory.

- 3.3 Unsurprisingly, the OFT has found that the territory of operators depends on the location of their depots. Within Devon and Cornwall the only overlap between the depot catchment areas of the big operators (ie. within 20 minutes' drive of the depot) is the Barnstaple area, historically First territory but where Stagecoach started running services in 2006 and established a depot in 2008.
- 3.4 Nationally, the OFT found that even where depot catchments overlap, there are not many competing services, possibly indicating a "live and let live" attitude among the big operators. It is thought that running in direct competition is not particularly attractive to operators. (North Devon is not specifically mentioned in the report and the establishment of a depot and competing services by Stagecoach is apparently an exception to this national trend.)
- 3.5 The OFT looked at the relationship between fares and the number of national operators in an area. They made allowance for other factors which could influence fares (eg operating costs, socio-demographics). Their estimate, which they say is a conservative one, is that unregulated fares are on average 9% higher when only one national operator runs services in an area than where two or more of them are active. They have also found that vehicles tend to be newer in areas served by more than one national operator. The OFT have been unable to draw any conclusions about the effect on fares of the presence of small operators in an area. However, they have concluded that the concentration of operators and their depots is a factor which may prevent, restrict or distort competition, giving grounds for a reference to the Competition Commission .

#### **3.6 Concessionary fares**

The OFT found that average fares were markedly higher where a greater proportion of population was eligible for free travel. It was believed that this could be as a result of the incentive to set single fares at a higher level, as they affect the rate of

reimbursement that bus operators receive in respect of concessionary travellers. The OFT considered that this was therefore consistent with but not proof of a distortion in the market.

### 3.7 County Council issues

The OFT found that the cost to local transport authorities (LTAs) of supporting services which would not otherwise be viable had been increasing faster than inflation, and out of proportion to the extra mileage supported. They identified a lack of competition in that nationally a quarter of contracts received just one bid. Since this is an issue which affects Devon County Council as LTA rather than the City Council, it is not covered in our consultation response.

3.8 For the same reason, the City Council is not in a position to respond to the OFT's concern that no Quality Contract Schemes have been implemented countrywide, despite the legislation enabling such schemes having existed since 2000. Such schemes in theory enable LTAs to secure the provision of services in an area by franchise arrangements, in a similar manner to the arrangements operating in London.

3.9 Devon County Council has been informed that the City Council is responding to the consultation but that we have not attempted to address these two issues.

### 3.10 General conclusions

Overall, the OFT has found that the market is largely static, and when a new operator enters an area, this is done on a small scale, often by bidding to operate supported services. The report has identified a "chicken and egg" situation where an operator needs a depot in an area to bid for services, but may not wish to invest in a depot without the security of having been awarded a contract to run services.

3.11 Having established itself in an area by running supported services, the OFT has detected that there is generally a fear of taking on the big operators by expanding into commercial services, even though the big operators say that they do not see small firms as a competitive threat. The OFT has found that the fear on the part of small operators may itself prevent, restrict or distort competition.

3.12 Significantly (in view of the simultaneous consultation being carried out by the DfT in relation to smart ticketing and integrated ticketing)<sup>1</sup>, the OFT has found that the big operators are reluctant to participate in multi-operator ticketing schemes. They appear to see such schemes as benefitting their smaller competitors more than themselves. This is in contrast to their willingness to participate in combined bus and rail ticketing schemes, such as PlusBus, where the add-on of bus services to a rail ticket represents a commercial advantage rather than a competitive threat. The City Council's response to the DfT's consultation on ticketing includes reference to this finding, because the aversion of bus operators to co-operating with each other is clearly an obstacle to integrated ticketing becoming more widespread.

### 3.13 Remedies

If the Competition Commission does conduct an investigation it has a number of options open to it to remedy any anti-competitive practices which it finds. Of these, the following are relevant to Exeter's position:-

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<sup>1</sup> Consultation by the DfT: Developing a Strategy for integrated and smart ticketing

- requiring operators to dispose of certain depots;
- national benchmarking of price, quality, reliability & service;
- mandatory multi-ticketing arrangements.

#### **4 THE COUNCIL'S RESPONSE**

- 4.1 Much of the report provides support for what people in Exeter already believed to be true, in particular that they pay above average bus fares. This issue has received considerable attention in the local media, a popular misconception being that the City or County Council could and should subsidise commercial services to bring the fares down (which is not possible under the current legal framework, even if it were affordable).
- 4.2 It is fair to point out that tickets aimed at frequent and/or longer distance travellers are much better value, although this in itself throws the spotlight on single short-distance fares. It also supports the OFT's suspicion that the operators may be "playing" the reimbursement system for concessionary fares. Even if operators are not consciously raising single fares to maximise reimbursement for concessionary pass holders, the system does not encourage them to lower single fares for paying passengers.
- 4.3 However, it should also be pointed out that many of the commercially operated services in the Exeter area are believed to be only marginally viable, and that some are apparently operated at a loss, running only because of the benefit to the operator from maintaining a comprehensive network. The consequences of forcing an operator to reduce fares therefore need to be carefully considered, and this subject is dealt with in paragraph 4.11.
- 4.4 In relation to the age of the fleet, matters are not as conclusive as found by the OFT nationally. Given the lack of competition, one would expect a relatively old fleet, whereas most of Stagecoach Devon's vehicles operating in and around Exeter are either very new or very old. This is because a lot of new vehicles have been acquired in the last five to six years, after a somewhat lean period prior to that. All of the Exeter city services are operated by low floor, easy access vehicles, as are many of the services radiating from Exeter. Although some of the new vehicles have been part funded by the County Council, the majority have not, representing considerable investment overall by Stagecoach in the local fleet.
- 4.5 The Council's response to the OFT has been that it would welcome the reference to the Competition Commission, and that it would wish to be given the opportunity to contribute should the Competition Commission investigate further.
- 4.6 However, our response goes on to emphasise that the potential remedies should be kept in mind from the outset, because it is important to consider what needs to be achieved should the Competition Commission be persuaded of anti-competitive practices. Given the Competition Commission's role, there is a risk that it will see competition as an end in itself, whereas it should be a means to an end, namely affordable and good quality bus services.
- 4.7 For this reason, requiring an operator to dispose of depots, as suggested by the OFT, is a blunt instrument, given their sparse distribution within an area like the south west. Stagecoach's Exeter and Torquay depots, for example, are substantial operations, and likely only to be attractive to or affordable by another big player such as First. It is difficult to see how forcing Stagecoach to dispose of its Torquay depot to First (for



example) would result in anything other than a monopoly for Stagecoach in Exeter and First in Torquay, with the only opportunities for competition being the routes operating in the area between the two. It appears that longer distance routes are not attractive ones for rival operators to compete on, given that First could compete with Stagecoach between Exeter and Plymouth, for example, but chooses not to do so, and may therefore be unlikely to compete between Exeter and Torquay under the scenario described above.

- 4.8 Even assuming that two operators were to operate in competition on a route (such as Exeter to Torquay in the above example), the risk for passengers is that they would end up with a service which is no more frequent or only marginally so, with tickets which are not interchangeable between operators. If the Competition Commission does set about increasing competition, this should be accompanied by the introduction of a mandatory integrated ticketing regime, and this point is also being made in the Council's response to the DfT's consultation on that topic. Ironically, a valuable by-product of a monopoly is that tickets are universally valid within an area network.
- 4.9 We have also responded to the OFT that operators should be required to publish fares, in the same way that they have to supply timetable information, to qualify for Bus Service Operator's Grant (BSOG – the fuel duty rebate available to bus companies). Introducing more competition on individual services is of limited value without this facility, as customers will be unable to make an informed choice. Better information would also make it easier for customers to calculate when it was worth buying a season ticket, or even whether they could save money by adjusting their journey, such as by getting off the bus one stop early.
- 4.10 The possibility of benchmarking fares and some elements of service quality is welcome, although it is difficult to see how this would result in lower fares without some degree of regulation, or incentives such as a reduced rate of BSOG for operators whose fares fall within the top quartile.
- 4.11 Finally, caution needs to be exercised in the use of any of these remedies, because as indicated above, many services are believed to be of marginal viability or even loss-making. The bus operators are likely to make this assertion in representations to the Competition Commission, and the Council has made the point to the Commission that this assertion should be tested. Exerting downward pressure, by whatever means, on the fares charged for a barely viable service is likely to result in either withdrawal of the service or the need for more local authority support to ensure that it continues to run.

## 5 CONCLUSIONS

In summary, the City Council's response to the OFT's consultation states that it would welcome the reference of the bus industry to the Competition Commission, given that the findings give support to what is commonly perceived, but that if anti-competitive practices are found to exist, caution needs to be exercised in using remedies so that the result is not simply the introduction of competition for its own sake, but the provision of a higher quality and more affordable bus service. The City Council has indicated that it would be keen to assist in any more detailed investigation.

- 6 **RECOMMENDED** that the report be noted, and that Members endorse the response submitted by officers to the Office of Fair Trading.

Ross Hussey  
Projects and Business Manager

Roger Coombes  
Head of Parking, Engineering and Business Support

**ECONOMY AND DEVELOPMENT DIRECTORATE**

**Local Government Act 1972 (as amended)**

**Background papers used in compiling this report:-**

OFT report "Local bus services"

## CONSULTATION RESPONSE

### CONSULTATION ON: PROPOSED REFERENCE OF THE LOCAL BUS INDUSTRY TO THE COMPETITION COMMISSION BY THE OFFICE OF FAIR TRADING

#### RESPONSE BY EXETER CITY COUNCIL

## 1 INTRODUCTION

### 1.1 Contact details

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### 1.2 How this response has been compiled

The Council's Scrutiny Committee – Economy met on 3 September 2009, and the consultation, which had recently been announced, was reported to our members verbally. Members indicated a strong desire to support reference of the matter to the Competition Commission, and to contribute to the Commission's subsequent investigation.

- 1.3 In view of the deadline, this response has been prepared with the approval of the Council's Portfolio Holder for Sustainable Development and Transport. It will be submitted to the Committee at its next meeting, on 12 November 2009, when members will be asked to endorse the response.

## 2 THE LOCAL CONTEXT

- 2.1 The pattern of operation identified nationally by the OFT is largely reflected in the south west of England. Over much of the south west peninsula, First is the dominant operator, although much of Devon (including Exeter) is Stagecoach territory.
- 2.2 Within Devon and Cornwall the only overlap between the depot catchment areas of the big operators (ie. within 20 minutes' drive of the depot) is the Barnstaple area, historically First territory but where Stagecoach started running services in 2006 and established a depot in 2008. This is an apparent exception to the "live and let live" attitude among the big operators detected by the OFT.
- 2.3 In Exeter itself, Stagecoach operates a comprehensive network of frequent local services, largely unsupported by the LTA. It also operates numerous radial routes to surrounding towns, some of which are run commercially with some receiving support either overall or in respect of specific journeys.

- 2.4 First operates long distance services into Exeter from towns where it is established, including Taunton and Poole. Services to Cornwall are operated by Western Greyhound. More locally, Dartline operates a number of supported services, having increased its coverage in the most recent tendering round. Turners Bus operates commercial services from the Crediton area in competition with Stagecoach.
- 2.5 Another relatively small operator, Cooks Coaches, used to operate some routes in competition with Stagecoach, until Stagecoach purchased the company in 2007. This illustrates a barrier to competition which the OFT has not specifically identified, in that large operators may acquire smaller ones to remove competition.
- 2.6 In view of the scope of the OFT's consultation, it is inevitable that the following analysis uses services operated by Stagecoach, being the principal large operator in Exeter, as examples to support the Council's response.

### **3 THE COUNCIL'S RESPONSE**

#### **3.1 The overall level of fares**

Much of the OFT's report provides support for what people in Exeter already believed to be true, in particular that they pay above average bus fares. This issue has received considerable attention in the local media, highlighting in particular a £3.00 return fare on Stagecoach's "A" service for a journey of 1.3 miles each way<sup>1</sup>. A popular misconception is that the City or County Councils could and should subsidise commercial services to bring the fares down (which is not possible under the current legal framework, even if it were affordable).

- 3.2 A reference to the OFT is therefore supported, in that a more detailed investigation should either prove or disprove the OFT's initial conclusions and public perceptions.
- 3.3 It should however be pointed out that many of the commercially operated services in the Exeter area are believed to be only marginally viable, and that some are apparently operated at a loss, running only because of the benefit to the operator from maintaining a comprehensive network. No doubt the operators will make submissions on this point in any further investigation, which the Competition Commission will need to verify. If services are indeed unviable or operated at a low profit margin, the consequences of forcing an operator to reduce fares therefore need to be carefully considered, and this subject is dealt with in more detail below.

#### **3.4 The level of single fares**

It should be noted that in and around Exeter (as tends to be the case elsewhere in Britain) tickets aimed at frequent and/or longer distance travellers are much better value than short distance single tickets (Stagecoach's day ticket covering their entire Devon and Cornwall network costs £6.50, so no return journeys exceed this amount). This tends to support the OFT's suspicion that the operators may be "playing" the reimbursement system for concessionary fares. Even if operators are not consciously raising single fares to maximise reimbursement for concessionary pass holders, the system does not encourage them to lower single fares for paying passengers.

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<sup>1</sup> Express and Echo 11 August 2009

- 3.5 High single fares are undesirable for several reasons. Firstly they are likely to impact adversely on passengers of limited means who cannot afford better value season tickets. Secondly, they discourage use by people whose travel patterns make season tickets uneconomic, such as part-time workers, occasional home workers, teachers and other school staff, or people who need their car for work on some days during the week. Thirdly they discourage new users in the form of people who use a service once to “try it out”, only to be put off using it on a regular basis because of the perceived expense. Such potential users may not get as far as investigating the better value tickets available. Fourthly, they fuel adverse press publicity about high bus fares, making it more difficult for local authorities to encourage modal shift away from cars.
- 3.6 Therefore, if the Competition Commission finds that the reimbursement method for the concessionary fares scheme does discourage operators to reduce single fares, it should pursue a remedy which either removes this disincentive, or operates in another way to reduce single fares.

### 3.7 **The age of the bus fleet**

In relation to the age of the fleet in the Exeter area, matters are not as conclusive as found by the OFT nationally. Given the lack of competition, one would expect a relatively old fleet, whereas in the last five to six years, Stagecoach Devon has invested in many new vehicles a somewhat lean period prior to that. All of its Exeter city services are operated by low floor, easy access vehicles, as are many of the services radiating from Exeter. The local experience does not necessarily support the OFT’s findings on this point.

### 3.8 **Support for a reference to the Competition Commission**

The Council would welcome a reference to the Competition Commission, particularly because of the OFT’s findings to date in respect of fares. The Council would wish to be given the opportunity to contribute, should the Competition Commission investigate further.

### 3.9 **Possible remedies**

We wish to emphasise, however, that the potential remedies should be kept in mind from the outset, because it is important to consider what needs to be achieved should the Competition Commission be persuaded of anti-competitive practices. Given the Competition Commission’s role, we are concerned that there might be a tendency, however well-intentioned, to see competition as an end in itself, whereas it should be a means to an end, namely affordable and good quality bus services.

- 3.10 For this reason, requiring an operator to dispose of depots, as suggested by the OFT, is a blunt instrument, given their sparse distribution within an area like the south west. Stagecoach’s Exeter and Torquay depots, for example, are substantial operations, and likely only to be attractive to or affordable by another big player such as First. It is difficult to see how forcing Stagecoach to dispose of its Torquay depot to First (for example) would result in anything other than a monopoly for Stagecoach in Exeter and First in Torquay, with the only opportunities for competition being the routes operating in the area between the two. Ironically it is these relatively long distance trunk routes which are the biggest loss-makers, which helps to explain why First does not already compete with Stagecoach between Exeter and Plymouth, and would be unlikely to do so between Exeter and Torquay under the scenario described above.

- 3.11 Even assuming that two operators were to operate in competition on a route (such as Exeter to Torquay in the above example), the risk for passengers is that they would end up with a service which is no more frequent or only marginally so, with tickets which are not interchangeable between operators. If the Competition Commission does set about increasing competition, this should be accompanied by the introduction of a mandatory integrated ticketing regime, and this point is also being made in the Council's response to the DfT's consultation on that topic<sup>2</sup>. Ironically, a valuable by-product of a monopoly is that tickets are universally valid within an area network.
- 3.12 We would also favour a requirement that operators have to publish fares, in the same way that they have to supply timetable information, to qualify for Bus Service Operator's Grant (BSOG). It is recommended that condition F of eligibility for BSOG (reproduced at <http://www.dft.gov.uk/pgr/regional/buses/busgrants/bsog/conditionsofeligibilitypsv363543> from the relevant statutory instrument) is amended by adding the words "and the fares payable". Introducing more competition on individual services is of limited value without this facility, as customers will be unable to make an informed choice. We have also made this point in response to the DfT's ticketing consultation.
- 3.13 The suggested possibility of benchmarking fares and some elements of service quality is welcome, although it is difficult to see how this will result in lower fares without some degree of regulation, or incentives such as a reduced rate of BSOG for operators whose fares fall within the top quartile.
- 3.14 Finally, caution needs to be exercised in the use of any of these remedies, because as indicated above, many services are believed to be of marginal viability or even loss-making. Exerting downward pressure, by whatever means, on the fares charged for such a service is therefore likely to result in either withdrawal of the service or the need for more local authority support to ensure that it continues to run. If the Competition Commission does conduct a more detailed investigation, it is urged to consider not only the relative levels of fares in areas where competition is present or absent, but also the levels of those fares relative to operating costs and thus the profitability or otherwise of services.

## **4 CONCLUSIONS**

- 4.1 The City Council would welcome the reference of the bus industry to the Competition Commission, given that the findings give support to what is commonly perceived, but that if anti-competitive practices are found to exist, caution needs to be exercised in using remedies so that the result is not simply the introduction of competition for its own sake, but the provision of a higher quality and more affordable bus service.
- 4.2 Specific issues to address are as follows:-
- 4.2.1 The Competition Commission should obtain information as to the profitability of services in areas where fares are high before taking action to reduce those fares, so as not to trigger unintended consequences such as the withdrawal of those services.

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<sup>2</sup> Developing a strategy for smart and integrated ticketing: Consultation Paper, Department for Transport, August 2009

- 4.2.2 The level of single fares for short distances is a cause for concern, and any remedy applied by the Competition Commission should target these fares, including if necessary by addressing the method of reimbursement for concessionary fares.
  - 4.2.3 In an area like the south west peninsula where depots are sparsely distributed, requiring an operator to dispose of depots is unlikely to achieve a reduction in fares through the introduction of competition.
  - 4.2.4 It is essential that any remedy aimed at introducing more competition is accompanied by mandatory integrated ticketing.
  - 4.2.5 Operators should be required to publish complete fare information, for example as a precondition of obtaining BSOG.
  - 4.2.6 Mandatory benchmarking of fares and other elements of service quality are of limited value without sanctions for poor performance, such as reduced BSOG.
- 4.3 The City Council would be keen assist in a more detailed investigation should the Competition Commission take the matter up.

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - ECONOMY 12 NOVEMBER 2009

#### CONSULTATION BY NETWORK RAIL – GREAT WESTERN ROUTE UTILISATION STRATEGY

#### **1 PURPOSE OF REPORT**

- 1.1 This report is to inform Members of the publication by Network Rail of a consultation draft of a route utilisation strategy (RUS) for the Great Western rail network, and to obtain Members' endorsement of the Council's response.

#### **2 BACKGROUND**

- 2.1 Network Rail is producing a route utilisation strategy for each part of its network, to balance capacity, passenger & freight demand, operational performance and cost, and to address the requirements of funders and stakeholders. Work started on the RUS for the Great Western network in February 2008 and a consultation draft was released on 3 September, with the final document due to be published in spring 2010. This covers the Great Western main line and Cross-Country lines to the Midlands and beyond, as well as local lines including those to Exmouth and Barnstaple.
- 2.2 Although the consultation period closes on 27 November 2009, Network Rail has made it clear that if consultees require changes to be made before the final version is published, a response should be sent to Network Rail as soon as possible. In view of the importance of the issues to Exeter, a response has already been sent, having consulted the Portfolio Holder (Appendix 1 to this report), which Members are asked to endorse. Any relevant additional issues raised by Members can be conveyed to Network Rail as supplemental submissions.
- 2.3 Network Rail's process is to develop a detailed understanding of the current rail network, and to incorporate the implications of committed schemes and forecasts of future demand for both passenger and freight services. In this way, gaps are identified and options reviewed to address those gaps.
- 2.4 The RUS will focus on the period to 2019 but it is stated that the implications of growth in demand over the next 30 years have been considered.
- 2.5 The proposals need to be seen in the context of the recent announcement that the main line from Paddington to Swansea is to be electrified by 2016, together with the "Berks and Hants" line as far as Newbury. In connection with this, it is planned that the existing High Speed Train fleet will be replaced with "bi-mode" trains with a diesel generator at one end and an electric transformer at the other, to allow through working over the rest of the Great Western main line network.

### **3 SUMMARY OF CONTENT RELEVANT TO EXETER**

- 3.1 Exeter's role in supporting regional economic growth has been accompanied by an increase in rail demand (at Exeter St Davids) by 30 per cent between 1998 and 2007. The document states that Exeter is identified by the emerging Regional Spatial Strategy (RSS) with projected growth of up to 37,000 in its population, 28,500 jobs, and 18,500 dwellings (it is not clear where the population figure comes from, but the proposed amendments to the RSS would lift the number of new dwellings to 28,500).
- 3.2 The draft document notes that demand for local services on the Devon and Cornwall branch lines has increased by 50 per cent between 2001 and 2008, including a 74 percent increase on the Barnstaple line.
- 3.3 Holiday traffic is identified as a significant element of the rail passenger market in Devon and Cornwall giving rise to seasonal fluctuations, although these are less pronounced in the East Devon and Exeter area than in Cornwall.
- 3.4 The document talks promisingly of the potential for rail to have a major role in the markets for commuting and business travel, and claims to propose development of the rail network in Exeter to provide for local and commuter journeys to deliver spatial growth and congestion targets. It talks of how the industry's Passenger Demand Forecasting Handbook has tended to under predict rail passenger growth in urban and interurban rail markets outside London, and has therefore used a model previously developed for Bristol to forecast demand for Exeter.
- 3.5 The document refers to Bristol to Plymouth as a route on which rail has a relatively low market share at present, such that small changes in rail's competitive position could lead to large changes in market share.
- 3.6 The RUS identifies what it calls "gaps" between what the system can currently supply, in terms of infrastructure and train services, and what is likely to be demanded of the system over the lifetime of the document. Those relevant to the Exeter area identified by the draft RUS are as follows:-
- Gap 12 – lack of capacity on services between the north and the south west;
  - Gap 16 - existing "connectivity issues" between and across Exeter and Plymouth;
  - Gap 17 - opportunities to improve interurban journey times throughout the network;
  - Gap 20 - existing and predicted seasonal fluctuations in supply and demand to, from and within Devon and Cornwall.
- 3.7 The options examined in relation to these gaps were as follows:-
- Option G (for Gap 12) – improve connectivity and increase capacity on the West Midlands to south west corridor. CrossCountry, the operator of these services, has undertaken passenger counts in May 2009 and will consider train lengthening opportunities in time for analysis and recommendations in the final RUS document.
  - Option L (for Gap 16) – increase connectivity between Exeter and Plymouth, and across Exeter. Train counts have identified on-train crowding on trains from Exeter to Plymouth and Exmouth to Exeter in the morning peak periods, and the draft RUS recommends train lengthening in peak periods. Weekend counts were to be conducted during the summer to assess whether any changes to weekend services were required.
  - Option M (for Gap 17) – improve linespeeds and change calling patterns on interurban journeys.
  - Option O (for Gap 20) – review seasonal fluctuations.

3.8 The recommendations for the local network can be summarised as follows:-

- all trains providing the current half hourly Exmouth to Exeter service should continue to Paignton (at present some go to Paignton and some to Barnstaple;
- all trains providing the current hourly Barnstaple to Exeter should terminate at St James Park;
- the above two proposals combined mean a consistent half hourly service will operate between Exeter and Paignton, and three trains an hour will run between St Davids and St James Park, commencing in 2018, “to extend opportunities for journeys across Exeter”;
- the lengthening of trains in peak periods between Barnstaple, Exeter and Exmouth and between Exeter and Plymouth, to be reviewed as part of the High Level Output Specification (HLOS) work by First Great Western (HLOS sets out what the Department for Transport requires of Network Rail, and is used to establish rolling stock requirements among other things) ;
- an hourly Waterloo to Exeter service (being introduced in December 2009), with replacements for the withdrawn South West Trains services west of Exeter;
- “aspirational” half hourly service from Axminster to Exeter;
- the introduction through the current Intercity Express Programme of a standard pattern timetable throughout the day from Bristol to Exeter, Plymouth and Penzance;
- linespeed improvements between Bristol and Taunton.

3.9 The draft concludes that all of the above, with the exception of the half hourly Axminster to Exeter service, can be accommodated on the current infrastructure. This assertion is questionable in the case of the Exmouth branch, where a half-hourly frequency is only achieved with some stations operating as request stops and being missed altogether by alternate trains. The platforms at St James Park are unable to accommodate the four car trains which are required at peak times.

3.10 The Council’s response has concentrated on the Exmouth branch, because this is ideally placed to serve the emerging development at Newcourt, and future development at Monkerton which is proposed through the Local Development Framework to meet the anticipated housing and employment targets in the forthcoming Regional Spatial Strategy. In fact, one of the factors driving development to these locations is their proximity to the rail network.

3.11 Officers have met with those at Network Rail responsible for producing the RUS (together with colleagues from DCC and representatives of local rail user groups), and it is clear that the statistics obtained by Network Rail present a different picture from that experienced by those who use the line. Whereas overcrowding is a regular occurrence in practice, Network Rail’s figures indicate that there is spare capacity on most trains, so that their starting point in predicting future demand underestimates the current level of use. A key task for all parties is therefore to obtain and agree a reliable set of statistics.

3.12 This apparent under-recording of usage has caused Network Rail to conclude that it is not necessary to increase the capacity of the line to accommodate a service more frequent than half hourly (which would necessitate additional passing places). They have also omitted any reference to additional stations, despite the reservation of land for a station at Newcourt and the potential to provide one to serve the Monkerton development. The success of Digby and Sowton station, opened in 1994, and which now caters for over a quarter of a million journeys a year, provides a model for the amount of use that can be generated by a new station in the right place, and at the

same time a warning as to the consequences of not improving the rail network to cater for the proposed development.

- 3.13 One of the problems faced by the local authorities is that development at Newcourt is under way with no plans to construct a station, and the lack of any proposals means that the City Council has not been able to secure developer contributions in connection with the latest permission for about 780 dwellings.
- 3.14 It should be noted that the service cannot cope with any additional stops on the existing single line at the current half-hourly frequency. The result is that the inclusion of new stations at Monkerton and Newcourt could only be achieved on the current infrastructure if the clock face timetable pattern were abandoned, or important station stops elsewhere on the line were omitted.

#### **4 THE COUNCIL'S RESPONSE**

- 4.1 The Council's response to the draft RUS deals with the present and future needs of the network as follows. While it is unrealistic to expect all of them to be included in the final document as firm proposals, our principal concern is to ensure that they are at least acknowledged as potential gaps to be addressed during the lifetime of the RUS if workable proposals are put forward and funds are available. Our principal points are:-

- 4.1.1 Additional rolling stock needs to be deployed on the Exmouth branch now, to alleviate overcrowding in the weekday peaks and on Sundays. Loadings on Sundays, particularly in summer, are considered to justify a half hourly service such as operates during the rest of the week. It is acknowledged that sufficient rolling stock (for the peaks at least) is not available to First Great Western, although this is an issue for the HLOS rather than the RUS. However, the RUS needs to address the platform lengthening at St James Park which cannot accommodate four car trains at present.
- 4.1.2 There needs to be an acknowledgment that the levels of development being contemplated at Newcourt and Monkerton to meet the targets in the RSS (currently in draft) requires a new station to serve each development.
- 4.1.3 If the need for the new stations is accepted, it follows that the capacity of the line needs to be increased by the introduction of additional passing loops.
- 4.1.4 The Exeter to Waterloo line is strictly speaking outside the scope of the Great Western RUS, and its own RUS was published in 2006. This recognised that a half hourly Exeter to Axminster service (via Cranbrook) demonstrated value for money and said that Network Rail was working with stakeholders to identify funding solutions for part or all of this proposal, which would require infrastructure improvements. However, the Great Western RUS retreats from this, saying that a half hourly service has not passed a cost benefit analysis. In view of the conflict and the fact that the line is outside the scope of the Great Western RUS, the Council has urged that these unhelpful comments should be removed.

## **5 CONCLUSIONS**

5.1 The recommendations of the draft RUS are disappointing given its stated aims to tap the potential for rail to have a major role in the markets for commuting and business travel, and to propose development of the rail network in Exeter to provide for local and commuter journeys to deliver spatial growth and congestion targets. In particular, the absence of any new infrastructure proposals to cater for Cranbrook, Newcourt and Monkerton are at odds with these stated aims.

5.2 It is essential for rail services to serve these developments if increased traffic congestion and emissions are to be avoided, and infrastructure improvements are required if this is to become a reality.

**6 RECOMMENDED** that the report be noted, and that Members endorse the response submitted to Network Rail.

Ross Hussey  
Projects and Business Manager

Roger Coombes  
Head of Parking, Engineering and Business Support

### **ECONOMY AND DEVELOPMENT DIRECTORATE**

**Local Government Act 1972 (as amended)**

**Background papers used in compiling this report:-**

Network Rail Great Western RUS draft for consultation

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## CONSULTATION RESPONSE

### CONSULTATION BY NETWORK RAIL – GREAT WESTERN ROUTE UTILISATION STRATEGY

#### RESPONSE BY EXETER CITY COUNCIL – 2 NOVEMBER 2009

## 1 INTRODUCTION

### 1.1 Contact details

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### 1.2 How this response has been compiled

The Council's Scrutiny Committee – Economy is due to meet on 12 November 2009. In view of the indication by Network Rail that an early response to the consultation would be desirable, this response has been prepared with the approval of the Council's Portfolio Holder for Sustainable Development and Transport.

- 1.3 This response will be submitted to the Committee at its meeting, on 12 November 2009, when members will be asked to endorse its contents.

## 2 ANALYSIS OF THE ISSUES, GAPS AND OPTIONS

- 2.1 The Council agrees with the analysis of issues in the draft RUS, so far as they affect Exeter. In particular, the Council concurs with the description of Exeter's role in supporting economic growth in the south west region, both past and future (section 5.2). The Council is fully supportive of the potential, identified in the draft, "for rail to have a major role in the markets for commuting and business travel" (5.2.2.6). It also welcomes the stated aim (in paragraph 5.2.2.5) to propose development of the rail network in Exeter to provide for local and commuter journeys to deliver spatial growth and congestion targets".

- 2.2 Of the gaps identified by the draft RUS, those relevant to Exeter are as follows:-
- Gap 12(a) - lack of direct services from Greater Manchester to the south west;
  - Gap 12(b) - existing and predicted crowding and inability to meet forecast growth to 2019 and beyond on all day services between the north and the south west;
  - Gap 16 - existing "connectivity issues" between and across Exeter and Plymouth;
  - Gap 17 - opportunities to improve interurban journey times throughout the network;
  - Gap 20 - existing and predicted seasonal fluctuations in supply and demand to, from and within Devon and Cornwall.

- 2.3 No issue is taken with any of these gaps. However, the Council considers that another set of significant and related gaps exists in relation to the Exeter-Exmouth line (the “Avocet Line”) which ought to be addressed by the RUS, namely-
- 2.3.1 Existing and predicted crowding and inability to meet forecast growth to 2019 and beyond during weekday peak times;
  - 2.3.2 Existing and predicted crowding on summer Sundays;
  - 2.3.3 Insufficient stations to serve the development forecast to take place within the line’s catchment area to 2019 and beyond.
- 2.4 These gaps are distinct from gaps 16 and 20 respectively. The first two gaps are principally problems of capacity, not connectivity. The third refers to the improvements which will be needed if the railway is to fulfil its potential for serving the projected development in this corridor. These gaps are examined in more detail in paragraphs 2.5 to 2.23 below. In addition, the Great Western RUS retreats from the position of the South West Main Line RUS in relation to improvements to the line between Exeter and Axminster to accommodate a half-hourly service, and this is dealt with in paragraphs 2.24 and 2.25.

## 2.5 The present situation

The draft RUS recognises existing crowding on the Avocet Line during morning peak periods (paragraph 6.9.12) but indicates that this will be reviewed as part of the FGW HLOS work with a view to introducing additional vehicles.

- 2.6 Trains are predominantly formed of Pacer units at present, with most being two car formations, although four cars are used on some services, and use of Sprinter vehicles on occasions means that trains can be anything from one to four cars in length. Trains on peak time services need to comprise four cars in order to minimise the crowding acknowledged in the draft RUS, but even with four car formations crowding still occurs on some trains. St James Park station in Exeter (which the draft RUS proposes as the new terminus for services from Barnstaple) is unable to accommodate four car trains.
- 2.7 In the Council’s submission, crowding is worse than acknowledged by Network Rail. First Great Western’s spokesman, Mike Greedy, has been quoted in the press as saying “Overcrowding is a problem on this route and it is a concern that, during peak times, there is little room for passengers, let alone bikes on the train. [The article was about two children with bikes being unable to get on two consecutive trains.] We need substantial long-term investment as soon as possible to provide longer *and more frequent trains* to help reduce crowding”<sup>1</sup> (Emphasis supplied).
- 2.8 Given that considerable numbers of passengers have to stand on peak services, including in some cases where four car trains are used, increasing the remaining two car trains to four cars at peak times will not, on its own, address the crowding issue, even with current demand. The failure of the draft RUS to recognise this is a serious cause for concern.

## 2.9 The future

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<sup>1</sup> Exmouth Herald, 9 October 2009



The draft RUS rightly refers to the emerging Regional Spatial Strategy (RSS). The Secretary of State's proposed modifications published in 2008 envisage another 28,500 dwellings in the Exeter area by 2026. This translates into some 15,000 dwellings within the City and the remainder in the eastern and southern periphery just beyond the boundary. The City Council has been awaiting the finalisation of the RSS before publishing its revised Core Strategy, but in view of the continuing delay in the RSS process, has now prepared a draft Core Strategy for consultation<sup>2</sup>.

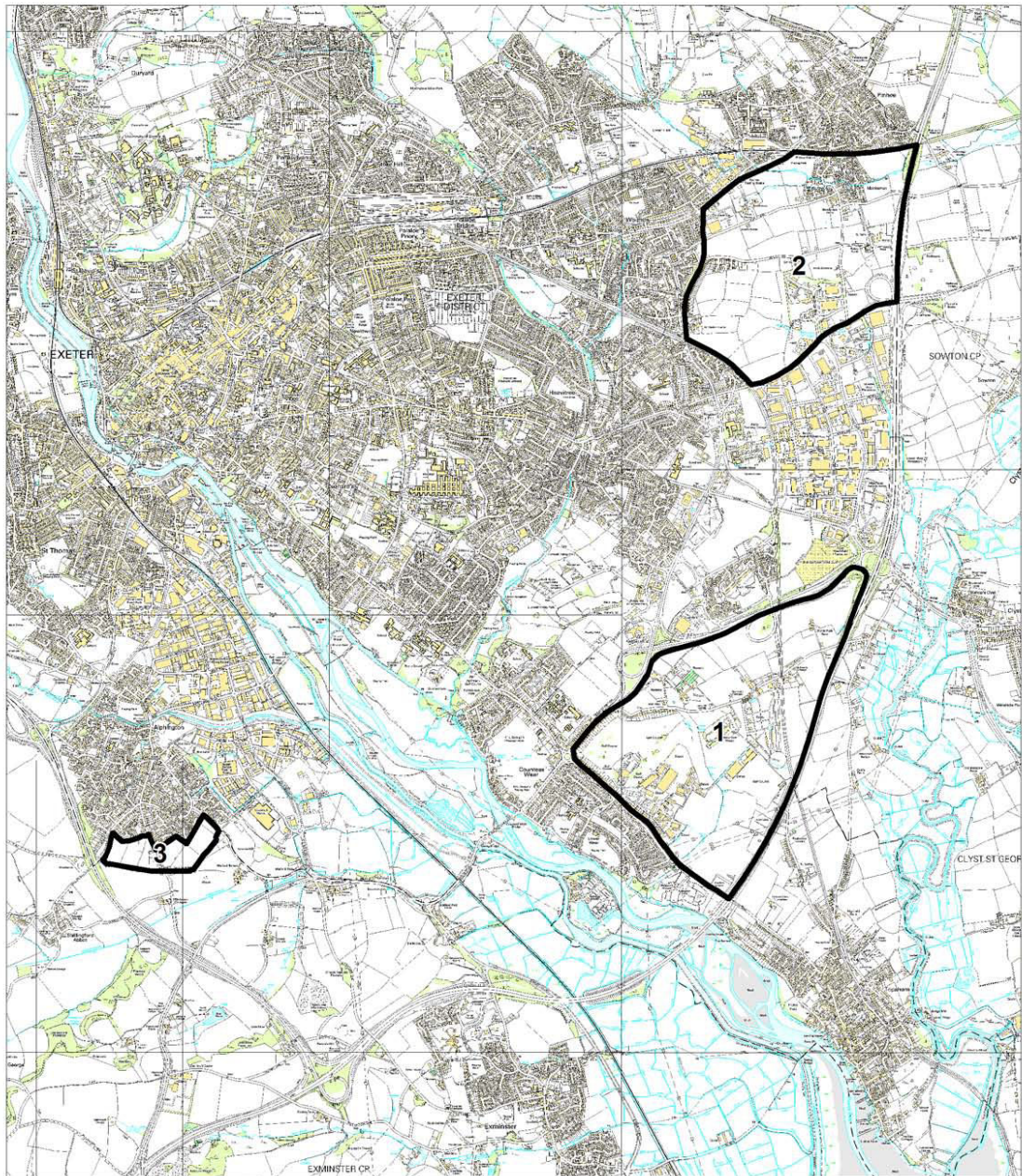
- 2.10 It can be seen from the Strategic Allocation Plan included in the draft Core Strategy (and reproduced on the next page) that the two main areas where housing is proposed are known as Newcourt and Monkerton. Regarding Newcourt, planning permission has already been granted (or agreed in principle subject to completion of section 106 agreements) for some 1,200 dwellings, and the draft Core Strategy proposes a further 2,500. The current Exeter Local Plan allocates 12.4 hectares of land in this vicinity for employment use, and a further 8 hectares is proposed. A Master Plan has been commissioned which has demonstrated that allocations of or close to this magnitude are feasible.
- 2.11 At Monkerton, master planning work has just been commissioned by the local authorities and a further 2,300 dwellings, and 5 hectares of employment land, are proposed in the draft Core Strategy. The majority of dwellings to be constructed in Exeter in the period to 2026 are therefore likely to be accessible to the Exeter/Exmouth railway line. Outside the City, further additional allocations could affect demand on the railway line and it is anticipated that Exmouth could see additional dwellings through East Devon's Core Strategy.
- 2.12 The experience of Digby and Sowton station, which was opened in 1994, is instructive. It was constructed to serve growing residential and employment areas, and it shows how effective a new station can be in serving an emerging development, so as to provide a model which can be used to predict demand at other locations on the line. It also provides a warning as to the consequences of not improving the rail network to cater for the proposed development. In 2007/8, 247,452 journeys were recorded to or from the station<sup>3</sup>, with an impressive 79% travelling to or from the station on foot<sup>4</sup>. That equates to about 542 trips a day. Had the station not been built, it is likely that the majority of these "walk plus rail" journeys would have been made by car, with a disproportionate impact on the road network at the times of highest congestion.
- 2.13 It is unlikely that the development of land at Newcourt to the south of the A379 will generate much rail travel through Digby and Sowton station, given that the distances involved are likely to be well beyond reasonable walking distance. The City Council has already reserved land for a further new station at Newcourt and this could provide an accessible location for almost all of the Newcourt development area when it is fully built out. Similarly, it would be appropriate to provide a station to serve the Monkerton

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<sup>2</sup> See <http://www.exeter.gov.uk/index.aspx?articleid=10103>. The consultation period runs to 19 November 2009.

<sup>3</sup> Office of Rail Regulation station usage data

<sup>4</sup> Station Travel Plans: National Pilot Programme – Progress Report (ATOC)



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### Strategic Allocation Plans

- 1 Newcourt Strategic Allocation
- 2 Monkerton Strategic Allocation
- 3 Alphington Strategic Allocation

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development and, although off-centre to the development, a station in the vicinity of Wilton Way could serve a very large existing employment area and a significant



proportion of any residential allocation. Development to the eastern end of Monkerton would be more reasonably served from the existing Pinhoe Station.

- 2.14 The draft Core Strategy refers to the need to safeguard land for a station at Monkerton as well as Newcourt. Assuming each station would have the same potential as Digby and Sowton for generating rail traffic, this would produce an additional half a million passenger journeys a year on the Avocet Line by 2026 (the RSS horizon). It is important to note that Digby and Sowton station was opened before the majority of the new housing was constructed, which meant that residents were encouraged to use the train from the outset, rather than having to be lured out of their cars later. Development at Newcourt is under way with no plans to construct a station, and the lack of any proposals means that the City Council has not been able to secure developer contributions in connection with the latest permission for about 780 dwellings.
- 2.15 Half a million additional passenger journeys would mean that the Avocet Line would be carrying nearly half as many people again as it transports now. It should be noted, however, that the service cannot cope with any additional stops within the constraints of the infrastructure and the current half-hourly frequency. The result is that the inclusion of new stations at Monkerton and Newcourt could only be achieved on the current infrastructure if the clock face timetable pattern were abandoned, or important station stops elsewhere on the line were omitted.

## 2.16 Possible solutions

While this presents a challenge, it also presents an opportunity. The “Devon Metro” work being carried out by Devon County Council is examining ways of increasing the capacity of the line to cater for future needs. If sufficient passing facilities were introduced to enable a 15 minute frequency, this would have additional benefits. Not only would it greatly increase the overall capacity of the line, in that a four car train could run every 15 minutes, but it would effectively provide a “turn up and go”<sup>5</sup> service, thus providing an added attraction towards modal shift from the car, along the entire line. By way of an illustration, traffic congestion leaving Sowton estate indicates that many employees finish work on the hour or half hour, but the southbound trains leave Digby and Sowton at three and 33 minutes past the hour. It is likely therefore that some custom is lost because people do not see the train times as convenient. With a 15 minute frequency, no custom would be lost in this way.

- 2.17 There are other potential sources of additional patronage for the Avocet Line, such as the continued expansion of Exmouth, the Exe Estuary Trail (see paragraph 2.21 below), and the scope for using Digby and Sowton as an enhanced train/bus interchange as is being considered as part of the pilot programme for Station Travel Plans<sup>6</sup>.
- 2.18 As alluded to in paragraph 2.14, the City Council is hindered by the lack of clear commitment from the industry to the necessary infrastructure improvements. Without an industry commitment to a specified scheme it is not possible to take contributions from developers towards the delivery stations or other enhancements.

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<sup>5</sup> Although stretching the definition of “turn up and go” as used in conurbations, in the context of Devon’s public transport a 15 minute frequency is likely to be seen as such. It is the same frequency as the Exeter to Exmouth bus route.

<sup>6</sup> Station Travel Plans: National Pilot Programme – Progress Report (ATOC)

## 2.19 Sunday service

The Sunday service on the Avocet Line suffers from severe crowding in summer (an hourly service operates on Sundays throughout the year). The Avocet Line Rail Users' Group (ALRUG) is undertaking counts to evidence this, but there are reports that on occasions some passengers are unable to get on a train and have to wait another hour. Given that patronage on Sundays is much more likely to be by occasional users than season ticket holders, the scope for fare evasion is much greater, with the conductor having no chance of ensuring that everyone has a ticket. Not only does this result in loss of revenue to the operator, but also means that official usage statistics will underestimate the true numbers travelling.

2.20 The RUS makes no reference to this problem. Unlike other branch lines in Devon and Cornwall, the Avocet Line is unable to have this issue addressed through a Community Rail Route Plan, because it is not classified as such a route.

2.21 Although difficult to quantify, growth in use of the line for leisure purposes is highly likely. The first section of the Exe Estuary Trail cycleway from Exmouth to Lympstone, which has been open for slightly under two years, enjoys particularly intensive use on Sundays, and when it opens along the entire eastern side of the estuary in 2012 it is likely to generate demand from cyclists and walkers. Any increase in the popularity of Exmouth as a holiday destination (whether generated by the Trail or otherwise) is likely to increase the patronage of the "Round Robin" excursion operated by a local boat operator, whereby passengers can travel between Exmouth and Topsham by boat and return by train.

2.22 This gap can be addressed by increasing the Sunday frequency in summer to half hourly and/or operating four car trains. No infrastructure improvements are required other than the platform lengthening referred at St James Park which is currently required for four car formations. To the extent that these service improvements cannot be achieved with existing rolling stock, they should be addressed through the High Level Output Specification work being carried out by First Great Western.

2.23 It is worth noting that the options proposed in this paper to address weekday crowding would facilitate further enhancement of the Sunday service should the need arise, therefore the potential increase in Sunday traffic in the longer term adds value to the improvements which are proposed.

## The South West Main Line

2.24 The draft RSS referred to above includes an allocation of 7,500 dwellings for Cranbrook. The South West Main Line RUS stated (in Appendix 9.2) that a positive economic case existed for improving the Exeter to Axminster line (which will serve Cranbrook) to accommodate a half hourly service, representing positive value for money. While the value for money was assessed at "low to medium", this excluded regeneration effects and the value of the line as a diversionary route. (Presumably it also excluded any additional traffic through Pinhoe station generated by future development at Monkerton.) The RUS stated that "Network Rail [was] working with stakeholders to identify funding solutions for part or all of this proposal" (paragraph 4.4.4 of the RUS).

2.25 It is therefore disappointing that the draft Great Western RUS apparently contradicts this by stating that the benefit to cost ratio is negative and that this option is not recommended. As with Monkerton and Newcourt, it is essential that Cranbrook is adequately served by rail as it is developed out.

### **3 CONCLUSIONS – PROPOSALS WHICH SHOULD BE PURSUED**

3.1 The recommendations of the draft RUS are disappointing given its stated aims to tap the potential for rail to have a major role in the markets for commuting and business travel, and to propose development of the rail network in Exeter to provide for local and commuter journeys to deliver spatial growth and congestion targets. In particular, the absence of any new infrastructure proposals to cater for Cranbrook, Newcourt and Monkerton is at odds with these stated aims.

3.2 It is essential for rail services to serve these developments if increased traffic congestion and emissions are to be avoided, and infrastructure improvements are required if this is to become a reality.

3.3 In the light of the foregoing analysis, it is proposed that the following should be included in the RUS:-

3.3.1 The Avocet Line should be served by four car trains as a matter of course throughout the morning and evening peaks and on summer Sundays, to be secured through First Great Western's HLOS;

3.3.2 All platforms should be extended to accommodate four full length cars;

3.3.3 Costed proposals should be prepared for new stations at Newcourt and Wilton Way, Monkerton, and the stations provided early in the respective build programmes of those two developments;

3.3.4 Sufficient passing loops should be introduced to enable trains to run at a fifteen minute frequency, in time for the opening of the first of the new stations, with costed proposals being available in advance to enable developer contributions to be secured;

3.3.5 Additional rolling stock should be provided to enable a fifteen minute frequency to be operated, to be secured through First Great Western's HLOS.

3.3.6 Costed proposals should be brought forward for improving the Exeter to Axminster line to accommodate a half-hourly service, in order that developer contributions can be obtained.

3.4 Even if the evidence available to Network Rail does not currently support some of the above as firm proposals (especially given the doubt over the accuracy of loadings statistics), they should not be ruled out by the RUS. We therefore urge Network Rail at least to include a statement that all of the above enhancements will remain as options during the RUS period, in the event that forecast traffic growth supports their implementation, and funding streams can be identified.

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - ECONOMY 12 NOVEMBER 2009

#### SUSTAINABLE COMMUNITIES ACT 2007 – PROPOSALS FROM TRANSITION EXETER

##### 1.0 PURPOSE OF REPORT

- 1.1 At the request of the Chair, this report outlines the background to the Transition Exeter proposal to introduce a tax on car parking at stores outside the City Centre.

##### 2.0 BACKGROUND

- 2.1 Under the Sustainable Communities Act 2007, local authorities, community groups or individuals are able to bring forward proposals for consideration by government to make improvements to the economic, social or environmental sustainability of their area. At the end of last year, Council agreed to 'Opt In' to the SCA which led to the establishment of a process for considering (SCA) proposals. Earlier this year Transition Exeter submitted a series of proposals for consideration by the Council, and a Panel chaired by Cllr Newton evaluated each of the proposals that were put forward. A report was prepared for Executive on 29 June supporting two of those proposals, one in respect of carrying bicycles on buses and the second in respect of introducing a tax on out of town store parking.
- 2.2 This particular proposal for a car parking tax was designed to level up the playing field whereby if shoppers use City Centre stores, they currently need to pay for the cost of car parking in public off street car parks, whereas in out of town locations parking is free (the proposal is contained in Annex 1). In broad sustainability terms, the levelling of the playing field between out of town and in town shopping is clearly desirable and reflects the drift of government policy since the early 1990s, which has favoured City Centres over out town retailing solutions. The report to Executive outlined these issues but also advised Members that such a proposal was considered by the government in the late 1990s, but as a result of very heavy lobbying by the leading superstores, the proposal was dropped and has not since been resurrected (see Appendix 2 for the officer assessment). A second element of the proposal was to reduce the level of taxation in situations where 30% of goods sold had been produced/manufactured within a 30 mile radius of the point of sale. Whilst in theory an entirely laudable objective, in practice it would be impossible to verify reliably the origins of goods without the scope for significant fraud.
- 2.3 In their consideration of the proposals on 29 June, Executive expressed some concern about the viability of the proposals, based on officers' advice. However, they agreed that in recognition of the communities' lead input into the SCA process, they would support the submission of the proposals to the LGA. It should be noted that the LGA has been assembling all the various proposals and that these are now available on their website. Following approval by Executive, the matter was briefly debated at Council on 14 July where Members expressed some concern that instead of simply passing on the proposals from Transition Exeter, the Council had, via Executive, actually given its explicit support.

However, the provisions of the Act indicate that explicit support from Councils is a proviso for the LGA's consideration of proposals.

- 2.4 The issue has recently come to light again as a result of a Daily Telegraph journalist trawling the LGA website and identifying the proposal from Transition Exeter. The article refers to the fact that decisions have yet to be made on any proposals but that sources close to the Secretary of State had said that he was "likely to rule out tax raising proposals". A DCLG spokesman added "the LGA are assessing all the proposals that have been submitted to them and is preparing a shortlist". It should be emphasised that this proposal could only proceed if there were national legislation in place – it is not an initiative that can be pursued by an individual local authority.

### **3.0 RECOMMENDATION**

- 3.1 (i) It is recommended that Members note the report.

**JOHN RIGBY  
DIRECTOR ECONOMY AND DEVELOPMENT**

**ECONOMY & DEVELOPMENT DIRECTORATE**

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

***Background papers used in compiling this report:-***

None



<b>Sustainable Communities Act</b>	
<b>Submission of Outline Proposal</b>	
<b>CONTACT INFORMATION</b>	
Name of Proposer or Organisation submitting proposal	Transition Exeter Transport Group
Contact Address	c/o Ed Beale 17 Cedars Road Exeter EX2 4NA
Telephone	07791 272881 01392 203304 (evening)
E-mail	ed.beale@mail.com
<b>ABOUT THE PROPOSAL</b>	
Title of Proposal	Non domestic rates on store car parking spaces
Brief Description	Enable the council to levy non domestic rates on store car parking spaces – this would support local shops and local producers, and discourage car use.
Does the proposal require action from central government, or is it something that a local council or (other local partner body) could do anyway?	We understand that the Council does not currently have the right to do this.
Please specify the action or assistance required of <b>central</b> government (including, if relevant, the public money and/or function that is considered appropriate for transfer from central to local control)	Give Exeter City Council the power to levy non-domestic rates on store car parking spaces, with a power for the council to allow discounts to stores that source at least 30% of goods from within 30 miles of Exeter, and which are not first transported to a distribution centre more than 30 miles away.
What evidence is there of local support for the proposal?	Support at the Transport Conference held in Exeter 9/5/09, organised by Transition Exeter Transport Group and Campaign for Better Transport Devon.
If there are proposals for transfer of functions, what other bodies are affected? Have they been consulted?	Supermarkets and other local stores
What legal issues might be involved? Do any local bodies (council, police, health, others) already have the necessary powers?	
Does the proposal require additional public expenditure, either at national or local level? (Please note that a particularly strong case	No

	will need to be made in support of any proposals that require this)	
	What will be the impact of the proposal, in terms of geographic area or population affected. Is it of very local significance or potential sub-regional impact	It would affect all of Exeter – an possibly other local communities if people from there shop in Exeter
How will the proposal contribute to environmental, economic and/or social sustainability? Please illustrate how the proposal will have an impact on any of the matters listed below. (NB There may be others and this list should not dictate or constrain the scope of proposals)		
	<b>Matter</b>	<b>Impact</b>
A.	The provision of local services	The measure would support local shops, which at the moment are at a disadvantage compared to out of town stores that can offer large amounts of free parking.
B.	The extent to which the volume and value of goods and services that are <i>offered for sale</i> are produced up to 30 miles of their place of sale or of the boundary of Exeter	The discount power would encourage shops to offer more goods sourced within 30 miles.
C.	The extent to which the volume and value of goods and services that are <u>procured by public bodies</u> are produced up to 30 miles of their place of sale or of the boundary of the public body	
D.	The rate of increase in the growth and marketing of organic forms of food production and the local food economy measures to promote reasonable access by all local people to a supply of food that is adequate in terms both amount and nutritional value	The discount would promote local food production and consumption. It would also encourage more shops to stock local produce, increasing accessibility
E.	The number of local jobs	
F.	Measures to conserve energy and increase the quantity of energy supplies which are produced from sustainable sources within a 30 mile radius of the region in which they are consumed	The increased cost of parking and/or shopping at out of town stores would encourage people to use local shops more and avoid car use, so saving energy
G.	Measures taken to reduce the level of road traffic including, but not restricted to, local public transport provision, measures to promote walking and cycling and measures to decrease the	The increased cost of parking and/or shopping at out of town stores would encourage people to use local shops and home delivery services more, so avoiding car use

	amount of product miles	
H.	The increase in social inclusion, including an increase in involvement in local democracy	Support for local shops would help people who do not have a car and so find it difficult to access the large out of town stores.
I.	Measures to increase mutual aid and other community projects	
J.	Measures designed to decrease emissions of greenhouse gases	Reduced car use so lower CO <sub>2</sub> emissions
K.	Measures designed to increase community health and well being	More activity in local shopping areas; more people walking and cycling to do their shopping
L.	Planning policies which would assist with the purposes of this Act, including new arrangements for the provision of affordable housing	
M.	Measures to increase the use of local waste materials for the benefit of the community	
<p>Signed .....</p> <p>Date .....</p>		

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## Sustainable Communities Act 2007

Ref: 05/2009

## Proposal Summary Form

Date of Panel Meeting: Wednesday 27 May 2009

Name of proposer or organisation

Transition Exeter Transport Group

## Summary of proposal

Non domestic rates on store car parking spaces – Enable the council to levy non domestic rates on store car parking spaces – this would support local shops and local producers, and discourage car use.

## Details of Consultation carried out

## Officers Comments

Non Domestic rates are charged on all non domestic property. The rateable value of any such property is calculated by assessing the value of the commercial floorspace and the value of the car parking that is provided with it. All income from non domestic rates is collected by the City Council and passed to the government. It is slightly unclear whether the proposal is really intended to seek 'repatriation' of this non domestic rate income or to introduce charges for parking at stores. If the intention is the former, then this is a policy which has long been advocated by the City Council and the LGA but it will have no impact on travel demand. From the content of the form, it would appear that the intended purpose is to enforce charging for out of town store parking. This is, in principle, a measure which the Council should support as a means of levelling up the playing field between in and out of town shopping and car and non car modes. A proposal to introduce this nationally was floated in the late 1990s but was heavily opposed by the supermarket operators and subsequently dropped by government. It would need primary legislation to introduce this. The proposal that 'discounts' be offered to stores sourcing 30% of their goods from within 30 miles of Exeter (which are not first transported to a distribution centre more than 30 miles away) would in practice be unworkable. A large bureaucracy would be needed to verify any such claims which would have very significant scope for fraudulent claims.

## Panel Questions/Comments

- What difference will this proposal make?
- Could an environmental tax be imposed, eg reducing rates for environmentally friendly materials used in car parks, tree planting or using local produce.

**Supported/Not Supported by Panel and reasons**

Unanimous support for this to be taken forward through SCA process.  
Adapt to reduce rates if environmental and local sustainability issues addressed eg. Locally sourced goods, environmental features etc.

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – ECONOMY 12 NOVEMBER 2009

#### ECONOMY UPDATE

#### 1.0 PURPOSE OF REPORT

- 1.1 To advise Members with a brief update on the effect the recession is having in Exeter.

#### 2.0 BACKGROUND

- 2.1 In September, this Committee received a paper on the economic trends nationally, regionally and locally together with an appendix that briefed Members on a range of indicators about the health of Exeter's economy. In summary, the appendix indicated the following impact for Exeter: -

##### Business

- 2.2 Levels of business confidence in the city had been increasing since November 2008; 90% reported medium to high levels. Possibly contributing to this level of confidence was the fact that the number of business insolvencies in Exeter had seen no change during the 12 month period between the first quarters (Q1) of 2008 and 2009. Understandably, many businesses have been trying to reduce their bottom line costs. For example, there had been an increase in enquiries handled by the City Council from local businesses searching for new premises, reflecting the desire to find cheaper accommodation.

##### Unemployment

- 2.3 The nature of unemployment was showing signs of change. Whilst the rate of job loss appeared to be decreasing, the numbers of people unemployed for 6 months or more was increasing. As more people have become unemployed, those who had been registering for longer were finding it increasingly difficult to secure work. The most affected by unemployment were males and the 18-24 year age group. Job vacancies had correspondingly decreased since November 2008. The sectors most affected were banking, finance, and insurance, whilst opportunities for lower skilled jobs had remained static since February 2009.

##### Housing Market/Residents

- 2.4 Whilst average house prices had fallen since Q2 2008, the house price to salary ratio remained high, maintaining the difficulty for first time buyers securing adequate mortgage finance. Data also showed that mortgage repossessions in Exeter were slightly higher than the national average. Exeter CAB data also confirmed that enquires had increased seeking help in the management of debt related to overdrafts, credit cards, and loans.

#### 3.0 ECONOMY UPDATE

- 3.1 The following extract from the South West Regional Development Agency's (SWRDA) most recent economic review of the South West, suggest that cities with strong commuting patterns, such as Exeter, may be more resilient than other urban areas adversely affected by the recession.

*“(...) the downturn has blighted traditional growth centres in Swindon and Bournemouth-Poole and the wider ‘northern arc’ of the region. We can expect some of this lost activity to bounce back relatively quickly but further restructuring is possible across many industries. Either way, these areas and their commuter zones, particularly in our South West city-region around Bristol and more locally near Exeter, can be relatively resilient and able to recover in response to an upturn in the wider UK/world economy”.*

(Nigel F Jump, Chief Economist, SWRDA Economics Review, Issue 17; Q3 August 2009)

3.2 The September 2009 edition of the Local Government Employment Digest provides a useful commentary on key aspects related to the national economy, extracts of which are set out below:

- the economy showed further signs of improved activity in August 2009 although the economic outlook remains uncertain and the Bank Rate was again held at 0.5% in September
- inflation (as measured by CPI) remained at 1.8 per cent in August, with the view reported that inflation is now less likely to fall in the remainder of 2009, it may rise in the short term before falling again
- the housing market continued to show further signs of recovery during August, with house prices rising again, and 5% higher than their April low point; there was a further slight increase in mortgage approvals in July to 50,000; it is suggested that prices are likely to continue to increase in the next few months influenced by an excess of demand over supply albeit at low levels; whilst a lack of mortgage finance remains a cause for concern in the housing finance sector
- the latest estimates of retail sales were for growth of 1% in Quarter 2 of 2009 and points to similar growth in Quarter 3; however overall consumption levels were estimated to have fallen by 0.9 per cent in Quarter 2, a weaker performance than expected
- economic output contracted by 5.5% over the past year, the biggest annual fall since records began in 1955; the latest data suggested that output may have stabilised in the middle of the year and growth in the second half of the year might be positive
- manufacturing output grew strongly in July; however sustained economic growth in the remainder of 2009 may not occur.
- average earnings growth across the economy remained weak, reflecting the economic situation, with the average earnings excluding bonuses falling from 2.4 per cent to 2.2 per cent
- unemployment reached almost 2.5 million, the highest level since 1995 and putting downward pressure on wage growth.

#### Business

3.3 The latest Exeter Chamber survey of its membership (September 2009) shows a number of encouraging improvements since the June survey. The Chamber reports an increase of 3% to 93% of businesses reporting medium to high levels of confidence; 46% reporting sales increased, up from 42% in June 2009.

3.4 Similarly, 20% of businesses surveyed reported profit margins had increased; only 6% reporting this in September 2008. Cash flow has also improved, with 21% reporting an increase, as opposed to 11% in June 2009. Importantly 21% of firms confirmed that numbers of people employed had also increased, up from 12% in June 2009, continuing the reported rise over the last three Chamber surveys. The percentage of employers forecasting they will take on more employees has also



increased from 14% in June to 24% in September. The downward fall of unemployment in the city mirrors the Chamber statistics.

- 3.5 Between June and September 2009 data on business insolvencies in Exeter suggest that there has been no real increase in the number of companies winding up or insolvencies brought about by creditor petitioned bankruptcies from suppliers seeking repayment of debt. In fact, there has been a 23% decrease in the total number of creditors bankruptcies in the year to June 2009 compared with the period to June 2008.
- 3.6 There has been an increase in Exeter in debtors' bankruptcy petitions – companies with outstanding debt closing down, albeit at a slower pace than regional and national trends. There were 289 such petitions in the first half of 2009, an increase of 14% on the same period in 2008. Regionally and nationally, the respective increases in 2009 on the same period for 2008 are 15% and 19%.
- 3.7 The recession may be having an impact on the level of investment enquiries handled by the City Council. This is the first year since the investment advisory service was established in 1998 that enquiry numbers have not continued to grow markedly. Since the beginning of 2009, there have been nearly 600 enquiries (September 2009); recently however, the number of enquiries has been increasing to a level higher than seen in previous months this year.
- 3.8 The percentage of enquiries from within Exeter and the Heart of Devon area remains broadly the same at 60%. Similarly, the types of enquiry for office, retail, light industrial and hotels and restaurants had broadly remained the same, with a marginal increase in the percentage of enquiries related to commercial investment.
- 3.9 In terms of the retail property, the vacancy rate is around 8% and re-lettings of both the City Council's own stock and units in Princesshay have been going well.
- 3.10 Data published by South West Tourism compares the 2009 season with 2008. In summary, the evidence suggests that across Devon, 34% of accommodation providers reported seeing an increase in visitors, 43% saw no change and 22% experienced a decrease. Overall, the average across the South West for accommodation providers was 21% seeing an increase in visitors, whilst 20% reported a decrease.
- 3.11 In terms of visitor attractions, these have done better than accommodation providers. For example, the following Devon 'attractions' all reported an increase in visitor numbers: 50% of visitor/leisure attractions, 61% of food and drink related businesses and 64% of retail business (excluding food and drinks). This seems to confirm 2009 was a more "stay at home" year. In fact, the South West Tourism paper suggests that overall, visitor numbers into the region have increased from 2008 in 2009 for both domestic and overseas visitors; however, the increase in volume has been greater from people resident in Britain.

#### Unemployment

- 3.12 The unemployment rate in Exeter for September 2009, based on the claimant count for Job Seeker Allowance (JSA), continues to show a gradual decline, having fallen to 2.6% from 2.7% in June 2009. It remains below the rates for Devon (including Plymouth & Torbay) at 3%, the South West at 3% and England and Wales at 4.2%. The numbers of live unfilled vacancies registered with Job Centre Plus have increased from 805 in June to 1,408 in September.

- 3.13 Between June and September 2009 the unemployment count has reduced by 103 people with more males than females finding work. However, males are experiencing a higher rate of unemployment than females, currently at 3.5% for males and 1.6% for females (September 2009).
- 3.14 Whilst it continues to be welcome that employment is picking up within Exeter and in the surrounding areas, a number of recent redundancies within Exeter may not feature in the statistics and moreover, there continues to be an increase in the number of people unemployed for over 6 months and also for 12 plus months, the majority being males.
- 3.15 Since June, 80 more people out of a total of 615 have been claiming JSA in Exeter for over 6 months. The total claiming for over 12 months has risen by 50 people, now standing at 180. In both periods, the majority of the change in numbers derives from additional males, 75 (for 6 months +) and 40 (for 12 months +). The younger age group of 18-24 year olds account for just over 13% of people claiming JSA for over 6 or 12 months duration, although the numbers claiming for over 6 months for this age group grew by 30 young people between June and September this year.
- 3.16 Overall, 18-24 year olds account for 32.6% of JSA claimants, with 51.7% from the 25-49 year olds and 13.7% from people over 50 years of age. In September 2007, 18-24 year olds accounted for 28% of all claimants, suggesting a more rapid rise in unemployment for this age group since the onset of the recession. Evidence from other partners suggests that there has been a rise in 16-18 year olds going on to Exeter College rather than going on directly to employment
- 3.17 In terms of the impact of unemployment on minority ethnic groups, the numbers seeking work in August 2009 has fallen to 70 people from 85 in June, but still significantly higher than the 30 recorded in August 2008.

#### Housing Market/Residents

- 3.18 Exeter has seen its first rise in house prices since Q3 2008; the average home was valued at £197,600 in Q2 2009 (£180,400 in Q1 2009), but notably below that of Q2 2008 at £211,300. This equates to an overall decrease in value within the city of around 6.5%, which compares to regional and national declines respectively of -9.4% and -7.3%. Nevertheless, the decline in Exeter still leaves houses valued at 9.3 times residential median full time earnings.
- 3.19 The number of houses sold over the 12 month period between Q2 of 2008 and Q2 of 2009 in comparison to the same period 2007 to 2008 is down by 75% from 2,747 house sales to 1,508. However, when comparing quarters, there are tentative signs that the housing market is picking up. In Q1 of both 2008 and 2009 respectively, there were 355 and 174 house sales, whereas in Q2 for 2008 and 2009 respectively, there were 397 and 367 homes sold.
- 3.20 Other positive signs are apparent in the downward trend for mortgage and landlord repossession orders in Exeter in comparison to regional and national averages. There were a total of 260 mortgage possession orders made by the courts in Exeter between Q3 2008 and Q2 2009, a decrease of 15% on the same period for 2007-2008, slightly better than both the South West rate (-9%) and the national average (-10%). Data for Q 3 2009 will be published mid November.
- 3.21 Similarly, there were 100 landlord possession orders made in Q2 2009, a decrease of -12% on 2008 levels; better than the regional reduction of -4% and slightly more than the national decrease of -11%.

3.22 Data from Exeter CAB also shows a slight downward trend in the level of debt and welfare enquires for Q3 2009 from the previous quarter (-5.6% and – 1.6% respectively). However, these enquiries remain at a higher level than seen in Q3 2008.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are no financial implications arising from this report.

#### **5.0 RECOMMENDATION that**

5.1 Members note the report.

**RICHARD BALL  
HEAD OF ECONOMY AND TOURISM  
ECONOMY AND DEVELOPMENT DIRECTORATE**

**Local Government (Access to Information) Act 1985 (as amended)**  
**Background papers used in compiling this report:**  
None.

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – ECONOMY 12 NOVEMBER 2009

#### FESTIVALS REVIEW 2009

#### 1.0 PURPOSE OF REPORT

- 1.1 To review and report back on the performance of the festivals portfolio, which comprises the Autumn Festival 2008, Animated Exeter, Vibraphonic and the Summer Festival 2009.

#### 2.0 BACKGROUND

- 2.1 Economy Scrutiny on 18<sup>th</sup> November 2003 reviewed the Council's Festivals programme and supported creating two new distinctly targeted festivals in addition to a revised and more focused Summer Festival. This led to the development of Vibraphonic, a festival presenting a diverse mix of jazz, soul, world and dance music and other activities in the spring. The Autumn Festival was also developed to showcase local cultural activity and encourage the growth and development of talent through participation and performance. Animated Exeter was not considered as part of this process as it had at that time been the subject of a recent review.
- 2.2 Each festival, while serving specific target audiences or genres, has key themes or characteristics that link back into the strategic priorities of the Exeter Vision and the Arts and Media Strategy 2009 – 2012 as follows:
- to develop and strengthen the arts and media infrastructure and support and encourage innovation and creative production in the City
  - to develop further the City's portfolio of Arts and Media Festivals and explore opportunities to create a festival of regional/national significance
  - to support creative industries growth and development
  - to develop access to arts programmes and opportunities within community settings to encourage greater participation and involvement with the arts and media by residents of Exeter
  - to work in partnership with relevant agencies and partners to provide more opportunities for people from diverse backgrounds, and in particular young people, to engage in arts education and learning programmes
- 2.3 The following summarises the key characteristics of each of the festivals:
- Autumn Festival:**
- invests in a capacity building programme to enable groups to create and manage their own programmes by supporting them with financial assistance and advice where appropriate

- promotes social cohesion through a programme that is designed to encourage interest and participation in the arts by residents of the city
- reduces barriers to participation by providing events that are accessible to those on low incomes, young people and those with learning disabilities

**Animated Exeter:**

- promotes Exeter as a learning city – providing access and learning opportunities in new technologies especially for young people
- helps to develop creative industries – showcasing and supporting the work and training needs of local film and media companies

**Vibraphonic:**

- an annual festival attracting both regional and local audiences to urban and non mainstream music from all over the world
- works with a wide variety of venues and spaces to encourage the development of promoters, artists, and new audiences thereby helping to develop the City's Arts and Media infrastructure

**Summer Festival:**

- produces a programme which benefits the local economy and enhances the City's image, regionally and nationally, as the region's cultural capital and as a vibrant visitor destination.
- commissions and contracts high quality national and international artists to present a multi-disciplinary arts festival that promotes contemporary and classical music, theatre, dance and visual arts
- works in partnership with the City's core venues to maximise benefit and minimise risk
- develops access to arts programmes and events that encourage greater participation and ownership of the festival by the residents of Exeter

**2.4** In 2008 Vibraphonic became an arms-length company, Vibraphonic Festival Ltd, managed by two of the City's key promoters and supported by grant funding from Exeter City Council from the Festival portfolio under a Service Level Agreement.

**2.5** At its meeting on 22 January 2009 the Scrutiny Committee – Economy requested that the Arts and Media Strategy Working Group re-convene to review the festival portfolio to seek a solution to maintain the current level of festivals in light of budgetary constraints.

- 2.6** The Arts and Media Strategy Working group reported back to Scrutiny Committee – Economy at its meeting on 12 March 2009 with the following recommendations concerning the Festival portfolio budget, which were subsequently adopted:

<b>Festival</b>	<b>Budget (£) 2009/10</b>	<b>Notes</b>
Summer Festival	100,000	Sustained budget in light of being City's main festival
Autumn Festival	15,000	Reduction of £10,000
Vibraphonic	14,000	Reduction of £2000 to encourage self sustainability
Animated Exeter	20,000	Reduced revenue funding in addition to deletion of festival officer responsible for production of Animated Exeter
Respect	2,000	
<b>TOTAL</b>	<b>151,000</b>	

- 2.7** The Committee noted that as a result in changes to its funding, Animated Exeter would develop into an arms-length company in 2009/10, similar to that of Vibraphonic Festival Ltd. It was felt that this might allow the festival a greater chance of sustainability in the longer term.

- 2.8** In this report each festival in the City Council's current portfolio is reviewed in turn followed by recommendations for the future in sections 7 and 8.

### **3.0 AUTUMN FESTIVAL 2008**

#### **3.1 Attendance**

In 2008 a decision was reached to include in the brochure only those events that had completed the brochure application forms or were successful Autumn Festival Award winners. In previous years the Festival has also included the programmes of all the core venues, Exeter Northcott, Exeter Phoenix, Exeter Barnfield and Exeter Corn Exchange, which were taking place during the Autumn Festival period. As an alternative in 2008, venues were offered the opportunity to apply for the new Partnership Award Scheme (see item 3.2) to enable them to produce an event together with a community partner for the festival. Each venue was allocated a free page in the Autumn festival brochure to advertise their venue run events taking place during the festival.

- 3.2** Accurate comparator programme figures for Autumn Festival 2008, reflecting the removal of core venue programmes from the 2008 festival, will need to come from Autumn Festival 2009. The chart below shows 2008 figures, which for reasons mentioned above are necessarily lower, set against 2007. The current known figures for the number of events taking place during the Autumn Festival 2009 due to commence on 30 October are also shown. It should also be noted that 6 events in 2008 (not included in the figures) cancelled after inclusion in the brochure. This can be attributed primarily to the economic downturn.

	<b>Autumn Festival 2007 including core venue programmes</b>	<b>Autumn Festival 2008</b>	<b>Autumn Festival 2009</b>
Overall attendance	31273	15099	
Attendance at Free events	21921	8607	
Attendance at ticketed events	9352	6492	
Number of artists	1203	763	
Number of events	101	56	45
Free events	24	12	9
Ticketed events	77	44	36

### 3.3 Awards

The Exeter Autumn Festival Awards scheme was established in 2004 to provide a low level of financial assistance to encourage community and youth groups, clubs, organisations and individuals who want to develop an activity for the festival. Organisations must meet the following criteria:

- contribute to the range and quality of events in the festival programme
- promote the creative talent and activities of groups or individuals in the city
- benefit the local community

### 3.4 In 2008 the festival ran two award schemes: –

- small grants of up to £750 open to local groups or individual artists – 17 awards totalling £3110 were made in 2008
- the New Partnership Award scheme open to Exeter Venues – to encourage venues to develop new partnerships and /or a new piece of work with a community/arts group or targeted community and create an event that can showcase during the Autumn Festival - 2 awards totalling £2000 were made under this scheme to Exeter Phoenix and The Joy Collective; Exeter Barnfield and the Folk Club.

### 3.5 Marketing

The City Council produced and distributed 50,000 full colour brochures throughout the city and neighbouring areas including a door to door delivery of 44,000 via Exeter Citizen. An Adshel campaign on bus shelters was delivered throughout the city. The Express and Echo also included listings of all festival events and featured articles on highlighted events during the festival. Press releases and listings were also issued to other key Devon media.

### 3.6 Programme

The festival maintained its wide-ranging and inclusive programme in 2008 as follows (the 2007 figures also include venue own promotions):



	2007	2008		2007	2008		2007	2008
Music	38	23	Education	13	4	Exhibitions	13	9
Dance	6	4	Theatre Adult	15	7	Comedy	1	0
Literary	9	4	Theatre Children	0	5			

### 3.7 Exeter Open Studios

Exeter Open Studios remains a popular highlight of the Autumn festival attracting over 3000 visitors to the 46 studios and events open to the public over the central weekend of the festival. The number of artists participating in 2008 increased from 38 plus 2 group shows to 41 plus 4 group shows. It is estimated that 50% of the visitors did buy artwork over the weekend, generating £25,000 of sales. This figure is an increase of 25% on 2007 figures.

### 3.8 Analysis

Over 90% of the events returned their evaluation questionnaires. The overall feedback was very positive, with 99% who felt there was a clear benefit to being involved in the Autumn Festival, and 96% thought the website and the brochure were good to excellent. A total of 45 out of 50 responses said they would like to take part in future Autumn Festivals.

### 3.9 Finance

The total costs of delivering the festival came to £24,045, leaving a small surplus of £955 as summarised below:

Expenditure	£	Income	£
Marketing	18,935	Exeter City Council	25,000
Awards	5,110	<b>Total</b>	25,000
<b>Total</b>	24,045	<b>Surplus</b>	955

## 4.0 ANIMATED EXETER 2008

4.1 The two week programme for Animated Exeter 2009 took place 9 -21 February 2009, with 9–13 February being Schools' Week. This was followed by eight days public screenings and events coinciding with the local school half-term. Overall attendance figures remain steady.

	2009	2008
Overall attendance public screenings, schools, community, family events	5591	6065
Exhibitions	11023	10000
<b>Total</b>	<b>16614</b>	<b>16065</b>

#### 4.2 Screenings

The Festival's screening programme attracted audiences of 962 who attended 23 public screenings of 150 international and UK films. Once again the Festival worked in partnership with Exeter Film Society and the University's Cinesoc and in venues across the city including Exeter Picturehouse and Exeter Phoenix. Three separate programmes included 27 animations from around the world, together with 2 screenings featuring the best of French Animation each with 11 different short animations.

#### 4.3 Regional Competition Screenings

Animated Exeter has a strong reputation for supporting regional talent and providing a showcase for up and coming animators. Festival 2009 supported the following competitions and showcases:

*ExAnimation* – a competition for young animators in the South West aged under 18 - 15 films were selected and shown at Dartington and also Exeter Picturehouse

*Screen Out Loud* – a competition open to amateurs and professionals over 18 and from South West – 12 films were selected and shown at Exeter Picturehouse

*Best of the West* – a regional open submission competition for students from South West and South Wales. All together 18 films were selected with an Award Ceremony held at Exeter Phoenix and a further screening held at Exeter Picturehouse. Prizes were sponsored by University College Falmouth, Focal Press and Stop Motion Pro software.

#### 4.4 Events

Attended by 1972 people, of whom a high proportion were students and young people, the highlights of Animated Exeter's events programme included:

*Big Careers Day* - sponsored by the University of Falmouth and programmed with students from the University, this day was aimed at attracting students of animation from across the region. The event featured top industry speakers from Redvision, Aardman Animations and an independent Animation Director. A total of 217 students from Universities of Falmouth, Bournemouth, Bristol and Newport attended the event.

*BAFTA Event* – a highly prestigious event hosting BAFTA's first screening of a national tour of films for 2009 BAFTA animation nominees.

*Exeter Comic Expo* - a highly popular event featuring 5 major comic book artists, comic stall and merchandise and other special guests.

#### 4.5 Festival Workshop Programme

A total of 14 different workshops and two residencies were held throughout the festival, both open and targeted at specific age ranges or groups. In total 2075 adults, children and students participated.

#### 4.6 Open Workshops (Public)

Attendance figures for *Animarathon* – open family workshops to create animations and held at Exeter Phoenix throughout Festival week - increased from 67 to 167 in 2009. Resulting animations were screened at Exeter Phoenix on the last Saturday of the festival.

Over 1500 people attended the free drop in workshops at Exeter Central Library.

#### 4.7 Targeted Workshops and Masterclasses

Some 142 workshops and 2 residencies organised and targeted at specific age groups from 5 – 16 year olds were held during the festival at the Phoenix Media Gallery, Centre for Contemporary Art in the Natural World (Haldon), Spaces, RAMM and the Thelma Hubert Gallery (Honiton).

Masterclasses aimed at students were held in Script Writing, Life Drawing for Animators and Model Making.

#### 4.8 Education Programme

In 2009 Animated Exeter facilitated education programmes in 5 regional schools with DAISI (Devon Artists in Schools), 4 youth focussed organisations including the Royal School for the Deaf, Exeter Hospital and the Youth Inclusion and Support Panel through Creative Partnerships supported by Media Box and with one Higher Education Facility, the University of Falmouth. These programmes reached a total of 213 young people.

In a bid to increase participation of young people aged 14 – 19, Animated Exeter successfully produced *Youth Futures*, a new programme held in 12 schools which hosted workshops in Stop Motion and Fresh Animation, over 90 young people took part and 10 teachers took part in CPD (Continuous Professional Development) training.

#### 4.9 Exhibitions

A total of 5 free exhibitions were held during Animated Exeter 2009, amounting to 235 exhibition days – attracting 11,023 visitors. With the exception of the Christine Baumgartner *Solaris* exhibition at SpaceX, the remaining 4 exhibitions were new commissions by the Festival. *Tales of the Golden West* at Exeter Phoenix celebrated the wealth of animation talent in the region; *Mouse!* An exhibition to celebrate the diminutive hero of many animations and featuring Disney material on loan from the Bill Douglas Centre proved popular at the Thelma Hubert Gallery.

A total of 8 different schools visited the exhibitions as part of the Animation Exploration programme which not only teaches about animation in the exhibition but also gives schools the opportunity to visit galleries.

#### 4.10 Marketing

The feedback on the 2009 festival marketing from partners and evaluation forms was good. A total of 20,000 brochures were produced. The Festival direct mailing list for brochures has increased from 2000 to almost 2,500 and the remaining brochures were distributed to venues across the city and to media venues and colleges across the wider region. This was supplemented by four different generic and specifically targeted postcards representing the international film programmes, and additional brochure coverage by each of the host venues. There was also a high profile and striking Adshel campaign across the city

The PR company, One Voice Media, achieved good and sustained local and regional media coverage and listings.

There were problems with the Animated Exeter website in 2009. which is likely to have had an effect on tickets sales. The e-bulletins, which can be an effective means of generating interest, were reduced due to staff resource and time pressures.

#### 4.11 Analysis

A total of 5591 attended ticketed events, schools, public and community programmes which is 500 fewer than in 2008 (6092). Nevertheless attendance at the exhibitions brings the figure back up to match attendance for 2008 overall. Some of the lower figures are related to lower than anticipated screening attendance caused by problems experienced with the website.

	<b>Number</b>	<b>Attendance</b>
Events	13	1,972
Schools sessions	104 sessions	353
Public workshops	44 sessions	2,059
Schools residencies	10	213
Community residencies	6	32
Public screenings	23	962
Exhibitions	5	11,023
<b>TOTAL</b>		<b>16,614</b>

#### 4.12 Finance

The total cost of delivering the festival came to £91,444 leaving a surplus of £17,908.

<b>Expenditure</b>	<b>£</b>	<b>Income</b>	<b>£</b>
Marketing	13,629	Sponsorship	1,500
Exhibitions	13,101	Grants	61,658
Projects/education	22,250	Exeter City Council	37,500
Film	8,916	<b>Sales</b>	8,694
Development	425		
Consultants*	33,123		
<b>TOTAL</b>	<b>91,444</b>	<b>TOTAL</b>	<b>109,352</b>
<b>Surplus/deficit</b>	<b>£17,908</b>		

4.13 With the loss of both the City Arts Officer due to early retirement and the Festival co-ordinator moving on to take up a Managing Director post on the Bristol based Encounters film festival, Susannah Shaw, the Artistic programmer for Animated Exeter for the previous four years, was contracted as Festival Director .

4.14 Animated Exeter will become an arms-length independent company in 2009/10 and will be grant aided by Exeter City Council. Arts Council England South West gave a two year grant to Animated Exeter towards organisational development over two years, scheduled to take place from May 2008. The surplus of £17,908, the balance remaining from this grant, will be carried forward to facilitate the development of the new Animated Exeter Ltd, a company limited by guarantee, in preparation for Animated Exeter 2010.

## 5.0 VIBRAPHONIC 2009

5.1 Vibraphonic 2009 marked the second year of operation as an arms-length, funded festival managed independently by City promoters; the festival continues to increase in reputation with consequent benefits for the cultural reputation of the city and in the number of city venues and promoters that take part.

### 5.2 Programme

Key achievements for 2009 included 30 main ticketed events showcasing the Vibraphonic mix of eclectic and non mainstream music featuring artists of international and national renown. The ticketed events at the festival achieved 64% capacity with an attendance of 6707; there were 13 education events of which 11 were supported by the festival which enabled 7 of them to be offered for free; the popular Jack to Phono programme, a free programme of music in pubs across the city widened the festivals' venue base reaching close to 1500 music fans. A week-long sound-based installation was commissioned in conjunction with Exeter Artspace in the former cells of the old Castle court building. Of the 16 artists involved, 8 were from the Exeter and Devon area and 6 exhibited their work in a sister exhibition in London the week after. In total the festival worked with 27 separate promoters, businesses and organisations.

	2008	2009
<b>Ticketed events</b>	31	30
<i>Attendance</i>	7189	6707
<b>Free events</b>	11	29
<i>Attendance</i>	1071	1450
<b>Workshops</b>	9	13
<i>Attendance</i>	75	353

### 5.3 Marketing

In total 20,000 brochures were distributed widely throughout the City but also across Devon. In addition a further 10,000 flyers and 5,000 postcards marketing specific events were also distributed. A new website, independent of the City Council, was also commissioned and achieved over 80,000 hits between going live in January and March 2009. Management of the festival's mailing list was also transferred directly to the festival.

### 5.4 Analysis

A total of 442 surveys were collected by Festival volunteers from three participating venues: Exeter Phoenix, Timepiece and the Lemon Grove. Evaluation of these surveys shows that the audience for the Festival is primarily male, 75% were under 35 with 32% being under 25. Some 55% of those asked lived in Exeter, 29% from the rest of Devon and 6% from elsewhere in the UK. According to the survey the majority, 44% had found out about the festival via word of mouth closely followed by the brochures and flyers. About 11% had found out about the festival via the website.

Satisfaction with the brochure, programme and venues remained high and most felt they had received value for money. The average spend, of those festival attenders who completed the evaluations, on tickets and drink or food was about £25. If this is translated across the overall number of tickets sales, the total amount raised is some £167,000 in economic benefit to the city.

## 5.5 Finance

A key structural feature of the festival is that there is no risk of the festival itself costing the City Council any more than its grant. Individual promoters take the risk of their own concerts and are keen to participate because of the benefits both of the marketing support and the positive branding of Vibraphonic. The budget from the City Council was primarily used to support the marketing of the festival but financial injections were also made to enable some, mostly free entry, events. The budget shows a small surplus of £85.

<b>Expenditure</b>		<b>Income</b>	
Marketing	10,579	Exeter City Council	16,000
Programming	1,090	Sponsorship	562
Co-ordinators	5,000	Workshop tix	70
Admin	650	Merchandise	76
		B/f 2008	697
<b>Total</b>	<b>17,319</b>	<b>Total</b>	<b>17,405</b>

## 6.0 SUMMER FESTIVAL

6.1 As was approved at the meeting of the Scrutiny Committee on 13 November 2008, and in light of the need to ensure that the 2009 Summer Festival kept within cash limits, the following key measures were undertaken with regard to production of the Exeter Summer Festival 2009:

- a partnership agreement was developed with the city's key venues, Exeter Northcott, Exeter Phoenix, Exeter Corn Exchange and Exeter Barnfield Theatre to produce the core programme of co-promotions featuring dance, rock, jazz and world music, comedy and theatre productions and whereby each venue was subsidised by the festival to a fixed amount. This partnership not only maximised the programming expertise of venue promoters but also, where appropriate, encouraged the venues to use the subsidy to produce more challenging and innovative programmes whilst at the same time minimising financial risk to the festival. These events are described as *co-promotions* (see item 6.8)
- the classical programme was directly promoted by the City Council in order to retain the festival's core audience and established reputation. A total of 9 classical events (including opera/choral concerts) were programmed at Exeter Cathedral, a lunchtime series at Southernhay United Reformed Church and an evening of opera at Exeter Northcott. These concerts are described as *direct promotions* (see item 6.12)
- a free large scale opening night event with fireworks, Party on the Quay, was re-established in 2009 (see item 6.13).

- 6.2** Owing to time pressure and the element of risk, the possibility of running larger ticketed concerts at available larger venues e.g. Exeter Racecourse, Exeter Football Club was not pursued for 2009.
- 6.3** A successful application was made to Grants for the Arts which enabled the festival to commission an artistic director and team of artists to work in schools and community groups across the city to deliver an Opening Parade for the Festival. In addition the Artistic Director produced a stunning firework finale to the Party on the Quay event.

A more detailed analysis of the Parade is given in paragraphs 6.15 and 6.16.

- 6.4** While the number of directly promoted events by the City Council was reduced, the above measures allowed for a more focussed event that maximised the limited resources of the Festival team into key areas of their expertise – developing audiences, site specific and large scale outdoor events, the delivery of the classical programme and the marketing of the festival.

### **6.5 Programme**

The Festival programme featured over 45 events including 11 free events and 34 education workshops. The free outdoor events each weekend, which, excluding the Party on the Quay were programmed by festival partners at no cost to the festival, gave the festival a real presence in the city and also attracted new audiences for the festival from Exeter's wider community and visitors to the city.

- 6.6** It is estimated that the free events, including the Opening Lammas Parade, Exeter Craft Festival (2 days), Party on the Quay, Devon Wildlife Festival, and the final weekend, the 1100<sup>th</sup> Anniversary of the Diocese brought in additional audience numbers of 15000 people.
- 6.7** The breakdown of ticketed concerts across direct and co-promotions was as follows:

<b>Type of performance</b>	<b>2008 - 36 Events</b>	<b>2009 - 45 Events</b>
Classical Music	10	10
Jazz/world/Folk	8	4
Rock/Popular Music	1	8
Comedy/cabaret	2	6
Dance/Ballet	2	2
Spoken Word	1 (cancelled)	2
Family/Children's events	2	5
Theatre	2	2
Music theatre	3	0
Children's theatre	0	6
Film	1	0
Literature/storytelling	4	0

- 6.8** The main Festival Box Office was run by Exeter Northcott/Exeter Tickets. Exeter Phoenix and Exeter Corn Exchange also sold tickets for their festival programmes. Total combined sales (including venue sales and the two shows produced, one by the Friends of Exeter Festival and one by Exeter Cathedral Choir) were 11099, with Exeter Tickets selling a total of 8735 tickets. Overall sales at Exeter Tickets represented 60% of the overall potential capacity of their ticket allocation for shows of 14544. (Please see Appendix 1 for ticket sales breakdown)

On line ticket sales via Exeter Tickets accounted for 38% of sales compared with 34% in 2008. Counter and ticket sales accounted for 58% of all sales administered by Exeter Tickets. Some 5% of the overall sales include tickets for sponsors, civic and press allocations.

**6.9 Co-promotions:**

The core venues were given the following subsidy:

<b>Venue</b>	<b>Festival Fixed Subsidy</b>	<b>No. of subsidised events</b>	<b>Total events included in festival programme</b>
Exeter Northcott	£7,000	7	8
Exeter Phoenix	£4,200	7	7
Exeter Corn Exchange	£2,800	4	7
Exeter Barnfield Theatre	£1,800	3	3

- 6.10** Box Office returns from these subsidised shows were taken by the venue and not the festival, but individual venues were responsible for all contractual arrangements with artists, fees, accommodation and travel and any other production requirements of the separate shows. A total of 6705 tickets were sold for the co-promotion programme, which represents 61% of overall ticket sales. (Please see Appendix 1 for full ticket sales breakdown)
- 6.11** Both Exeter Phoenix and Exeter Corn Exchange showed a profit on their subsidised events, with Exeter Northcott and Exeter Barnfield Theatre making a loss as follows:

<b>Venue</b>	<b>Profit/(loss)</b>
Exeter Northcott (7 Shows)	(£4272.00)
Exeter Phoenix (7Shows)	£1398.00
Exeter Corn Exchange (4 shows)	£5608.00
Exeter Barnfield Theatre (3 shows)	(£1408.00)

In the case of the two venues that made a loss, both were positive about their involvement with the festival. Exeter Northcott agreed that the festival subsidy had allowed them to present more innovative and risky performances than would otherwise have been possible. In the case of Exeter Barnfield, the festival had introduced new audiences to the venue and the artists had a good experience and wished to return to the venue.



**6.12** All venues were pleased with marketing coverage and general support of the festival, and are keen to work in a similar partnership arrangement in future festivals.

**6.13 Direct promotions**

A series of 9 classical concerts were programmed directly by the festival. A total of 3583 tickets were sold representing 32% of overall Festival ticket sales. The sales also represent 66% of overall potential capacity for the Classical series of 5388. (Please see Appendix 1 for ticket sales breakdown).

**6.14 Party on the Quay**

A very successful event attracting over 8000 people, with a majority of the audience being families and children who participated in the wide range of free activity on offer. Children could try their hand at circus skills, drumming, drawing, dance workshops and watch a range of free high quality static and walkabout street theatre shows, BMX cycle demonstrations and other performance. The music stage featured some of Exeter's most popular local bands and this was counterbalanced by a very popular dance stage run by Dance in Devon.

The evening culminated in a site specific performance devised by specially commissioned Artistic Director, Charlie Morrissey, themed on circus. The show featured pyrotechnics, dance, the spectacular elephants and wind socks from the morning's Opening Parade set to a piece of music composed for the performance.

**6.15 Festival Opening Parade**

The Artistic Director led a team of 8 regional and local artists, a dance artist and a costume maker to devise the content of the Circus themed parade, a new initiative for the Festival, funded by the National Lottery Grants for the Arts Programme from Arts Council South West, with additional support secured from Devon County Council. The parade successfully combined with the traditional Lord Mayor's Lammas Fayre parade and processed through the City Centre. It is estimated that over 2000 people in the city centre saw the parade.

**6.16** In total 254 children and adults from Exeter's schools and community groups participated in a week long programme of 12 workshops prior to the festival, in both parade making and also dance. Participating schools were:

Wynstream Primary	Southbrook College
St Sidwell's Primary	St Nicholas RC Primary
Whipton Barton Primary	St Margarets Primary

Bowhill Primary and Exeter Cathedral School participated in the parade.

The Parents and Toddlers group based at St Sidwell's Centre participated in a workshop at the centre and Ivy Youth Volunteering group came to an evening workshop at the Parade base in Emmanuel Hall. Local residents to the hall were also invited to attend a workshop, 3 local families attended.

Wren Music co-ordinated the Parade Band following three music workshops which attracted young members as well as old ranging from 10 – 62 years of age, this was also funded from the Parade budget.

### 6.17 Marketing

A total of 85000 32-page brochures were produced with 10000 copies sent to the Summer Festival mailing list. A further 17000 brochures were distributed in Exmouth via the Exmouth Herald. The remaining 58000 brochures were distributed to around 600 targeted locations throughout Exeter and the sub-region.

The Festival also produced 20000 additional flyers to promote the free and family events, including Party on the Quay, the Parade, and the Exeter Craft Festival. These were distributed:

- at the Cycle Tour in conjunction with a circus skills workshop produced by Exeter Summer Festival in the Guildhall Shopping Centre
- in association with Exeter FM and Phonic FM on 3 consecutive Saturdays prior to the Festival in Princesshay
- 12000 were delivered door to door in the Exeter Times in targeted areas: Beacon Heath, Burnthouse Lane, St Thomas, Newtown,

### 6.18 In addition to the Festival brochure and flyer distribution the following PR initiatives were undertaken:-

- over 1000 event specific posters were distributed around the city and county
- a generic 2-week bus shelter poster campaign
- window adverts on Stagecoach buses on Exmouth, Exeter network and on some Torquay buses
- an extensive advertising campaign was carried out including in local newspapers, lifestyle magazines and regional “whats-on” publications such as parish magazines, and Women’s Institute magazines
- festival website attracted approximately 47600 hits
- the festival was listed on 38 relevant websites
- national free listings included Guardian Guide, the Times
- the festival launch and the parade featured on BBC Spotlight and a wide range of other broadcast media including ITV West Country, BBC Radio Devon, Heart FM and Exeter FM
- listing and features in Exeter Citizen (53,000)

### 6.19 Public relations organisation One Voice Media were contracted to coordinate a focused campaign targeting regional, national and specialist publications, television and radio. A targeted media campaign ran from April to June 2009. This included media releases and listings sent to local, regional and national media, specialist publications and relevant web sites. In addition there were regular interviews on local radio, local and regional publications involving participating artists and festival representatives.

Regular meetings were held with One Voice Media, partner venues and the City Marketing and Festival Officers. While the festival had overall responsibility for marketing, individual partners also pursued their own contacts and specialist knowledge to promote their own events. At the final debrief it was noted that as a result of economic downturn, levels of preview coverage in local publications is becoming more dependent on advertising spend in that publication, as column space is reserved for news items.

## 6.20 Analysis

The festival was evaluated by attendance figures and ticket sales (see Appendix 1), post code analysis provided by Exeter Box Office and evaluation forms. Festival Officers attended 95% of the ticketed events, in order to hand out evaluation forms to as many concert-goers as possible. Evaluations could either be returned at the venue or in the case of the Classical series, by freepost. In total 397 evaluations were returned. This represents about 4% of ticketholders, a higher return than 2008.

These evaluations show that most people thought the quality of the event they attended was high, had attended the festival before and would come again in the future.

## 6.21 Economic Benefit

For the first time in 2009 the evaluation asked the question about how much people spent in addition to purchasing their ticket. The majority show a spend of between £5 and £20 and assuming an average spend of £10 per ticketholder this would mean an expenditure of some £108,000. In addition the estimated 15000 people attending the free events would add a further £150,000. This totals a fairly conservative estimate of some £258,000 of economic benefit to the city.

## 6.22 Post Code Analysis

The post code analysis shows that 47% of ticket purchases made via the Central Box Office were purchased by City residents. The remaining 53% were purchased by visitors to the city. A further 2859 tickets were sold directly by the venues (Exeter Phoenix and Exeter Corn Exchange) bringing total sales to 11324.

	No. of customers	Tickets purchased
EX1 – EX4	759	3896
EX13 – EX17	217	808
TQ1 – TQ14	209	738
EX5, EX6	199	728
EX7, EX8	135	654
EX9 – EX12	129	459
National	48	121
TA1 – TA24	37	129
EX20	31	134
PL1 – PL25	22	90
EX31 – EX39	21	61
EX21 – EX24	14	10
EX18 – EX19	9	24
DT1 – DT11	5	16
Friends/Cathedral sales		767
Unknown/door sales		100
	1835	8735

## 6.23 Financial Overview

The total cost of the Festival including production, marketing and artists' fees amounts to £202,046. Ticket receipts for the direct promotions, the Classical programme, resulted in an income of £52,972 with sponsorship generating £27,025 in addition to the grant funding of £20,000 from the National Lottery Grants for the

Arts. Taking into account the City Council's contribution of £100,000 leaves the festival with a small surplus of £2230.

<b>Expenditure</b>	<b>£</b>
Venue Hire	16,831
Co-promotion subsidy	15,800
Staging	20,745
Marketing	35,948
commission	*7,359
Artist Fees	97,456
Hospitality	3,060
PRS	1,068
Security	692
<b>Total</b>	<b>198,959</b>
<b>Income</b>	
Ticket sales/Income	52,972
Sponsorship	27,205
ACE Grant	20,000
Other income	**1,012
Exeter City Council	100,000
<b>Total</b>	<b>201,189</b>
<b>Surplus</b>	<b>2,230</b>

\*actual figure Nothcott and FOE programme sales

\*\*programme sales

- 6.24** Securing sponsorship for the festival continues to remain difficult, especially in light of the current economic climate. In 2009 a total of £47,025 was raised in cash or grant from 17 sponsors compared to a total of £54,300 raised in 2008 from 17 sponsors. In 2009 a further £4500 was raised through "in kind" sponsorship.

## **7.0 CONCLUSION**

- 7.1** The above evaluation of the four festivals indicates that each Festival meets the objectives set out in the original 2003 report and also the current strategic objectives as set out in the Arts and Media Strategy 2009 – 2012. Furthermore each event has complied with additional measures and budgetary constraints agreed at Economy Scrutiny in March 2009. Two Council initiated and developed festivals, Vibraphonic and Animated Exeter are now arms-length events.
- 7.2** Each festival has attracted significant audiences and received positive feedback from those audiences with regard to the quality and benefit of festival programmes. All festivals have made good inroads to increasing their reach, developing new audiences locally, regionally and to a small degree nationally. Other public funding bodies such as Arts Council South West, Screen South West and Devon County Council having provided ongoing support because the Exeter Festivals continue to provide high quality, innovative and accessible programmes as well as seeking to encourage greater participation in the arts by young people and Exeter communities with exciting education opportunities.
- 7.3** In the light of continued financial constraints the festival portfolio remains under review. Members are asked to note and consider the potential improvements and issues on the current festival portfolio raised below.

#### **7.4 Autumn Festival**

It is important to ensure that a festival that specifically sets out to showcase and promote Exeter's voluntary sector and community arts activity is still supported to some degree in times of economic difficulty by aiming to directly produce one or two free and inclusive high quality events in the festival that offer increased participation or educational opportunities for Exeter communities

#### **7.5 Animated Exeter**

The festival is at a crucial stage in its development into an arms-length event. It is evident from other funding partners that they would wish to see the Festival develop new and innovative programming streams in the future that will increase its regional and national reputation whilst keeping Exeter at its core.

- by developing a Service Level Agreement that continues the current level of grant support to Animated Exeter Ltd in recognition both of its value to the City's regional profile and also as a developing small business in the Creative Industry sector
- by providing Officer support as appropriate to work with Animated Exeter to assist the company develop new models of sustainability and generate new income and funding sources

#### **7.6 Vibraphonic**

Vibraphonic remains a highly successful and continuously developing event and one that helps give the City's Festival portfolio a sustained media profile, following the successful transfer of the festival to arms-length management. It is recommended that:

- the annual Service Level Agreement with Vibraphonic Festival Limited for the March 2010 festival is developed for funding at £14000, a reduction of £2000 on 2009
- Vibraphonic Festival Limited must seek to raise additional cash sponsorship and grant funding to support the festival, in particular the education programme
- that this, the third festival (2010) run by Vibraphonic Festival Ltd, is the last time that funding from the City Council is promised as the event is now established.

#### **7.7 Exeter Summer Festival**

The festival has the potential to achieve at least regional significance, which is one of the core objectives of the Arts and Media Strategy 2009-2012.

The festival has positioned itself more securely by:

- establishing the successful new way of working in partnership with core venues that maximises venue programming expertise whilst minimising financial risk to the festival
- developing a new partnership and good reputation with Arts Council England South West, that has seen the festival commission innovative new events and site specific performance to develop new audiences and work with young people – a key objective for the Cultural Olympiad
- maintaining the festival's reputation for a strong classical repertoire that has kept long standing festival audiences on board

- starting to achieve an improved balance between high profile ticketed programmes and free, accessible events

**7.8** At Economy Scrutiny in September 2009 it was agreed that the Festival Manager should produce a three year business plan for the Summer Festival to tie in with the life of the Arts and Media Strategy which would illustrate where the festival currently is, where it should aspire to be, and how it might achieve that position. It is intended to produce a draft plan for consultation by March 2010.

## **8.0 FINANCIAL IMPLICATIONS**

### **8.1**

In 2009/10 the total budget for the Festival portfolio was agreed at £151,000. The following summarises the forecast outcomes for this financial year.

<b>Festival</b>	<b>Budget (£) 2009/10</b>	<b>Forecast (£) 2009/10</b>
Autumn Festival	15,000	15,000
Animated Exeter	20,000	20,000
Vibrasonic	14,000	14,000
Exeter Summer Festival	100,000	97,770
Exeter Respect	2,000	2,000
<b>Total</b>	<b>151,000</b>	<b>148,770</b>

## **9.0 RECOMMENDATION that:-**

**9.1** Members note the report and its recommendation for the future development of the festival portfolio.

**RICHARD BALL**  
**HEAD OF ECONOMY AND TOURISM**

## **ECONOMY AND DEVELOPMENT DIRECTORATE**

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

Background papers used in compiling this report:-

Exeter Arts and Media Strategy 2009 – 2012  
Exeter Arts and Media Strategy Action Plan 2009 - 2012

## EXETER SUMMER FESTIVAL REVIEW – BOX OFFICE SALES BREAKDOWN

## APPENDIX 1

Highlight indicates concerts/performances subsidised by festival budget

Venue	Show	Exeter Tickets	Venue Sales	Show Final	Total sales
<b>Exeter Phoenix</b>	Po'Girl	21	285	306	
	Butterflies x 3	36	212	248	
	Pappy's Fun Club	20	49	69	
	Three Bonzos	49	143	192	
	Whisper	19	43	62	
	Bollywood Brass	79	268	347	
	Martin Taylor	45	162	207	
<b>Venue totals</b>		<b>269</b>	<b>1162</b>	<b>1431</b>	<b>1431</b>
<b>Exeter Corn Exchange</b>	Comedy 1	98	152	250	
	Comedy 2	100	150	250	
	Claire Martin	150	193	343	
	Peter Rabbit x 2	148	63	211	
	The Beat	74	166	240	
	New Machine	55	143	198	
	Bjorn Again	209	291	500	
<b>Venue Totals</b>		<b>834</b>	<b>1158</b>	<b>1992</b>	<b>1992</b>
<b>Exeter Barnfield</b>	Variety 1	148	26	174	
	Cantabile	155	12	167	
	Variety2	95	16	111	
<b>Venue Totals</b>		<b>398</b>	<b>54</b>	<b>442</b>	<b>442</b>
<b>Exeter Northcott</b>	Courtney Pine	449			
	Tiger Who Came to Tea x 4	1285			
	Kit and the Widow	376			
	Cloud Cuckooland x2	109			

<b>Exeter Northcott cont.</b>	TrAPPED	161			
	Pimms & Poetry	284			
	Home	60			
	Vagina Monologues	460			
<b>Venue Totals</b>		<b>3184</b>			<b>3184</b>
<b>Festival Classical Concerts</b>	RPO	662			
	Berkeley Ensemble	160			
	La Serenissima	435			
	Pavao Quartet	100			
	Ballet Espanol	519			
	Rotterdam Chamber Orchestra	539			
	Nadryzycki and Swain	73			
	Exeter Festival Chorus	631			
	Hatstand Opera	164			
<b>Totals</b>		<b>3283</b>			<b>3283</b>
Friend of Exeter Festival	Jonathan Miller	255			<b>255</b>
Exeter Cathedral Choir	Choral Concert	512			<b>512</b>
<b>Final totals</b>		<b>8735</b>			<b>11099</b>



## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – ECONOMY 12 NOVEMBER 2009

#### HERITAGE OPEN DAYS 2009

#### 1. PURPOSE OF REPORT

- 1.1 To report on the City Council's involvement in and the performance of the Heritage Open Days event in Exeter.
- 1.2 To seek support for a similar event in 2010 as part of the overall promotion of Exeter's heritage attractions.

#### 2. BACKGROUND

- 2.1 Heritage Open Days is a national event co-ordinated this year by English Heritage on behalf of the Department for Culture, Media and Sport, to celebrate England's heritage and history. Prior to this year's event the Civic Trust who had co-ordinated the event in the past went into financial administration, but the event was rescued when English Heritage stepped in to co-ordinate it. English Heritage have guaranteed the event's continuation for the foreseeable future.
- 2.2 Heritage Open Days was established in 1994 as England's contribution to European Heritage Days, the aim of the event is to offer free access to historical sites and sites of architectural interest. In Exeter the Council has extended the event to provide the opportunity to visit buildings not normally available to the public.
- 2.3 This is the tenth year that the City Council's Economy and Tourism Unit has co-ordinated Exeter's participation in Heritage Open Days. In 2009 the event took place between 10 and 13 September and included the following special openings, talks and tours:

21 The Mint  
Barnfield Theatre  
Bowhill House  
Cathedral: Roof Tour & Library  
County Hall  
Cricklepit Mill  
Custom House  
Devon Archaeological Society  
Devon & Exeter Institution  
Devon Record Office  
Exeter Castle Courtyard  
Exeter Civic Society Walk  
Exeter Guildhall  
Exeter Northcott  
Exeter Synagogue  
Exeter's Underground Passages  
Finds Day at the Quay House  
Met Office  
Oakwood House & MRF  
Poltimore House

Pynes Water Treatment Works  
Red Coat Guided Tours: Echoes of Exeter, A Walk In The Park & A Walk With The Writers  
St. Clements Church  
St. Mary Steps Church  
St. Michael & All Angels Church  
St. Nicholas Priory  
Sidwell Street Methodist Church  
Southernhay URC  
The Horticulture of Northernhay  
Topsham Museum  
Topsham Pubs Past & Present  
Tuckers Hall  
University of Exeter: Chapel & Reed Hall  
X-Centre

2.4 Heritage Open Days is an opportunity for Exeter to capitalise on the growing popularity of heritage and to secure additional tourism business. Supporting this event plays on Exeter's strengths as a cultural and heritage destination. It also meets the following strategic objectives of

- maximising the economic benefits to the local Exeter economy by encouraging the sustainable development of tourism.
- enhancing the quality of life for residents through the provision of improved and additional heritage , leisure, cultural and activity-based attractions and services.
- enhancing the quality of the visitor experience in Exeter.
- raising the profile of Exeter.
- promoting the city's heritage attractions and the need to provide additional events to attract additional staying and day visitors year round.

### 3. PERFORMANCE AND EVALUATION

3.1 This year's event has maintained its high profile, and despite some postal problems affecting promotional activity, the event, similar to last year attracted in excess of 4,000 visits to the various properties open throughout the weekend.

3.2 The reasons for this are:

- 39 properties/events took part compared to 34 in 2008.
- a greater number of high profile properties were involved this year, including the recently refurbished St. Nicholas Priory, Cricklepit Mill, The Met Office, Exeter's Underground Passages, the Custom House , Exeter Cathedral, Exeter Northcott and Exeter Castle Courtyard.
- in order to maintain a sense of 'freshness' of the event a number of new properties and properties that have not been involved for a number of years participated. These included the Exeter University ( Reed Hall & Chapel), Exeter Northcott, Exeter Castle, Devon Archaeological Society.
- a focussed marketing campaign that included:
  - distributing 7,000 colour leaflet, with an improved visual impact during August 2009 to Tourist Information Centres and Libraries throughout Devon, to the venues and to members of the public who had requested the leaflet via [www.exeter.gov.uk](http://www.exeter.gov.uk). . Due to the scale of this years event the leaflet style was changed to be a booklet, in which promotional vouchers for a number of restaurants were provided.
  - securing a very high profile in the Heritage Open Days on-line South West regional directory - Exeter was third only to Bristol and Gloucester in the size and profile of the event.
  - coverage of events in the National Press.
  - coverage in the Express and Echo .
  - listing the event on various websites including [www.exeter.gov.uk](http://www.exeter.gov.uk), [www.exeterandessentialdevon.com](http://www.exeterandessentialdevon.com), [www.visitdevon.co.uk](http://www.visitdevon.co.uk) and [www.enjoyengland.com](http://www.enjoyengland.com)
  - the event being featured in the Exeter Citizen.

3.3 A questionnaire was given to attendees to evaluate the event; 168 questionnaires were returned. Key points arising from the questionnaires are:

- 92% thought the event they had attended was excellent / good
- 90% thought the scope of this year's event was excellent/good
- 82% of people enjoyed more than one event throughout the weekend

- people found out about the event through a number of different sources: leaflet (21%), local press (14%), Tourist Information Centre (18%), other (20%), website (20%), national press (5%), on site (2%)
- people who attended the event were either Exeter residents (50%) , lived in East Devon, Mid Devon or Teignbridge (27%), lived elsewhere in Devon (10%), or lived outside Devon (13%)

3.4 The event is now well established on the calendar within Exeter with both visitors and property owners. The event is very important in raising the profile of many of the smaller properties that do not have the resources to promote themselves to a wider audience.

3.5 Feedback from property owners and site managers is unanimous that the event is worthwhile and that they would like to be involved in Heritage Open Days in the future. The success of the event is due to the many volunteers throughout the city who give their time to organise and run events.

3.6 Due to the nature of many of the properties numbers are required to be restricted due to health and safety and security reasons. This obviously puts a cap on the attendance to many of the venues that in some instances could fill their events several times over.

#### **4. PROPOSAL**

4.1 The Economy and Tourism Unit is proposing to co-ordinate a similar event, which will take place between 09 - 12 September 2010.

4.2 Based on visitor feedback and the success in attracting a greater number of higher profile properties, it is proposed that additional opportunities will be explored for next year's event. It is proposed to explore the possibility of properties such as the new Court House and the new rugby stadium at Sandy Park to be involved in Heritage Open Days 2010.

#### **5. RESOURCE IMPLICATIONS**

5.1 The cost of organising, marketing and co-ordinating the event was met from the 2009/10 Economy and Tourism budget, a total of £1300 was spent on a promotional brochure, the remaining costs being staff time.

#### **6. RECOMMENDATION**

6.1 Members to note the success of Exeter Heritage Open Days in 2009, and to support a similar event in 2010 as part of the overall promotion of Exeter's heritage attractions.

**RICHARD BALL**  
**HEAD OF ECONOMY AND TOURISM**

#### **ECONOMY AND DEVELOPMENT DIRECTORATE**

**Local Government (Access to Information) Act 1985 (as amended)**

Background papers used in compiling this report:-  
None.

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – ECONOMY

12 NOVEMBER 2009

#### CAPITAL PROGRAMME MONITORING

#### 1. PURPOSE OF REPORT

- 1.1. This report advises Members of the latest position with regard to the 2009/10 capital programme for the Economy and Development Directorate.

#### 2. INFORMATION AND ANALYSIS

- 2.1 This report provides a summary of the position at the end of September 2009 with Appendix 1 containing a complete list of capital projects.
- 2.2 In relation to the **Canal Basin and Quayside** project, progress has been made on several fronts since this matter was last reported to Members. Tenders have now been received for the new road, car park and boat store, and are within budget. Work is expected to commence in November and be completed in the spring of 2010. The Signpost development adjoining 60 Haven Road (14 affordable dwellings plus a restaurant/retail unit) is due to be completed in November. Demolition of the old chandlery is under way. Terms have been agreed, subject to contract, for a variation to the development agreement for the old electricity building to allow the recent planning permission for a play centre to be implemented. Devon County Council's planning application for an outdoor education centre has been approved.
- 2.3 The **Science Park** is broadly on schedule despite slippage of a month in submission of the planning application. The aim is still for a start on site in 2010 with the first building occupied in 2011. The accompanying infrastructure, being delivered as part of the New Growth Point, is also progressing well to ensure that the necessary transport and utilities infrastructure is in place in time. With the formation of the company, the next step will be the bringing forward of the total capital expenditure for this project.
- 2.4 Work this year in relation to the **National Cycle Network** beside the Exe Estuary includes the viewing platform near Turf, and a short length of cycleway to bypass the lock pit, also at Turf, it should be noted that Devon County Council pays half of these costs.

#### 3 RECOMMENDATION

- 3.1 That Members note the contents of this report.

Ross Hussey  
Projects and Business Manager

Roger Coombes  
Head of Parking, Engineering and Business Support

#### ECONOMY AND DEVELOPMENT DIRECTORATE

#### Local Government Act 1972 (as amended)

Background papers used in compiling this report:-

None.

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**CAPITAL PROGRAMME 2009/10 - 2nd Quarter Monitoring**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Project	Code	Lead officer	Budget	Spend (excludes internal capitalised staff costs)	Internalised staff costs	Commitments (i.e. value of orders raised, not yet paid)	Budget 10/11 £	Beyond £	Value of estimated Deferred Expenditure into 10/11 £	Date deferment estimate made (by whom)	Latest estimate of total project variance (underspend)/overspend £	Date under/over spend estimate made (by whom)	Project Progress Update (and contingencies employed/actions taken since last report, if project slippage/anticipated deferment/cost variance)
Basin/Quayside <i>(redevelopment of canal basin; refurbished listed buildings; improved public access to area &amp; continued activity on water)</i>	Z1139	DP	966,100	91,684	56,834	17,466	612,130	680,530					Planning permission for the new road/car park/boat store has been granted, and tender returns are within budget, with work expected to commence in November and complete in the Spring. The first phase of the optic fibre cable link to Exton Road has been completed, with the final phase to progress once the route has been finalised. Works of demolition to the old chandlery are underway. The Signpost development adjoining 60 Haven Road is due to complete in November. Terms are agreed, subject to contract, for a variation to the development agreement for the old electricity building to allow the recent planning permission for a play centre to be implemented. DCC's application for the outdoor education centre has been approved.
Broadwalk House Car Park Refurbishment	Z1138	RDC	100,000	0	4,146	0							Work to upgrade the electrical wiring system is expected to commence in the early autumn. The full budget allocation will be spent.
CCTV provision at Haven Road Car Park & Boat Storage Area	Z1157	RDC (Steve Carnell)	60,000	0	0	0							Contractors due to undertake the final stage of the redevelopment for this area between Oct 09 and Jan 10. This phase will include the provision of CCTV. Budget is expected to be spent by financial year end.
City Centre Enhancements	Z1116	JR (Chris Westlake)	160,110	350	0	23,210	200,000	600,000					Meeting held late August to discuss Market St/Fore St junction improvements between DCC and ECC officers to look at the various traffic and transport matters : further meeting to be arranged to report back on issues raised
Conservation Area Enhancements	Z1183	RPS (Kathy Metcalfe)	10,460	3,000	0	0							
Corn Exchange Improvements	Z1131	DP	143,490	5,725	0	0							A revised scheme for the proposed toilet refurbishment is to go out to tender shortly. Once the cost of this work is known, the residual budget will be used to carry out further prioritised improvements covered by this allocation.
Custom House	Z1121	DP (Mike Carson)	5,000	0	1,539	2,385							The residual budget is for works to the stair panelling which has been commissioned.
Exe Estuary NCN	Z1107	DH	148,700	166,251	21,752	12,713							Proposed work this year includes the viewing platform near Turf and an additional short length of cycleway at Turf to bypass the lock pit. Estimated costs around £20,000 but DCC will pay 50%.
Fore St, Heavitree - Environmental Enhancement	Z1105	RPS (Paul Osborne)	7,250	2,226	0	15,054							Scheme complete
Floodlighting	Z1156	RPS (Andy Pye)	1,340	222	0	0							
Ibstock Environmental Improvements	Z1407	DP	4,450	0	0	0							Further consultancy work has been commissioned to seek sign off to the remediation statement for this site.

**CAPITAL PROGRAMME 2009/10 - 2nd Quarter Monitoring**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Project	Code	Lead officer	Budget	Spend (excludes internal capitalised staff costs)	Internalised staff costs	Commitments (i.e. value of orders raised, not yet paid)	Budget 10/11 £	Beyond £	Value of estimated Deferred Expenditure into 10/11 £	Date deferment estimate made (by whom)	Latest estimate of total project variance (underspend)/overspend £	Date under/over spend estimate made (by whom)	Project Progress Update (and contingencies employed/actions taken since last report, if project slippage/anticipated deferment/cost variance)
18 North Street Panelling	Z1106	RPS (Andy Pye)	17,530	17,733	0	0							
Planting Improvements in Riverside Valley Park	Z1408	RPS	14,250	0	0	0							It is planned to spend this money on planting in the vicinity of Makro subject to consultation with the EA. Funds from S106 monies.
Quay House Visitor Centre Improvements	Z1135	RB	53,000	0	0	0							Enhancements to the centre in order maintain its position as a key visitor point in Exeter's historic quayside. Development of detailed proposals underway. Scheme to be completed by end of March 2010.
Riverside Valley Park Security Measures	Z1254	DH	3,250	0	0	0							Just slight modifications envisaged e.g. one of the depressions is flattening out a bit so we will cut it steeper
Science Park	Z1150	RB	95,760	26,970	0	0	749,910						Planning application one month behind schedule. No real delays anticipated at this stage. Company formation may involve total capital contribution being brought forward.
Signage	Z1117	RPS (Paul Osborne)	53,710	37,352	618	0							All signs installed (with the exception of 1 no additional fingerpost to Quay Hill). Wood and Wood are replacing a number of fingers which have faded due to an error in the manufacturing process. Expect final account by end of November.
Walking Strategy	Z1133	DH	14,890	3,087	2,878	0							No projects to be built this year but work continues on design and planning etc.
<b>Total</b>			<b>1,859,290</b>	<b>354,600</b>	<b>87,768</b>	<b>70,827</b>	<b>1,562,040</b>	<b>1,280,530</b>	<b>0</b>		<b>0</b>		



## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - ECONOMY 12 NOVEMBER 2009

#### ECONOMY SCRUTINY STEWARDSHIP TO SEPTEMBER 2009

#### 1. PURPOSE OF REPORT

- 1.1 This report advises Members of any forecast variations to the budget, based on the first six months of the financial year 2009/10.

#### 2. INFORMATION

- 2.1 This report highlights any differences by management unit to the outturn forecast for the first six months of the financial year up to 30 September 2009 compared with the approved annual budget. During this period the total of the variances indicate that the overall net expenditure for this committee will increase by £412,930 which represents a variation of 33.10% from the revised budget of £1,247,700. This includes supplementary budgets of £125,930. Notional charges in respect of FRS17 Pension Costs and Capital charges have been deducted from this to provide the total budget for management accounting purposes.

- 2.2 The budgets for 2009/10 included a provision of 1.5% for the pay award. The pay award has been agreed at 1% and there will therefore be a saving on pay budgets. This saving has been reflected within the individual management units.

- 2.3 The main variations by management unit are detailed below:

	<b>£</b>
<b>2009-2010 REVISED ESTIMATE Less NOTIONAL CHARGES</b>	<b>976,280</b>

<b>83A1 PROPERTY &amp; ESTATES SERVICES</b>	<b>(58,900)</b>
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Rental income is higher than expected at several properties due to the completion of various lease renewals and geared rent increases; the additional rental income has been offset by reduced income from rents at various other properties.

An element of the additional income from the properties relates to a non recurring equity rent sum from due in respect of the Guildhall Shopping Centre.

Projected income at St George's Retail Units is lower than budgeted due to a vacant unit.

<b>83A3 CAR PARKING</b>	<b>181,090</b>
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Income from off street car park fees is currently 3.1% below the budgeted figure as at 30 September 2009. If income trends follow historic patterns, this will result in a shortfall in the region of £150,000.

The rental income from car park investment properties is expected to be less than budgeted.

The budget in respect of National Non Domestic rates on car parks will be exceeded.

**83A5 FESTIVALS & EVENTS** (3,950)  
The Summer Festival has made a small surplus.

**83A9 BUILDING CONTROL** 38,010  
Building Control Fee income is not expected to meet the budgeted figure. An element of this shortfall will be funded from the Building Control Fee income earmarked reserve and the remainder will be addressed by cost savings.

**83B5 PLANNING** 53,350  
It is anticipated that planning fee income will be below budgeted levels by the end of the year due to the general downturn in the economy; the shortfall of income has been partially offset by a small amount of income from Planning Enforcement.

The budget in respect of office equipment and public notices will be exceeded.

**83B7 ARCHAEOLOGICAL FIELD UNIT** 296,660  
The overall income levels for the Field Unit are projected to be down for the year. This is due to the increasingly competitive nature of the service market and the reduced volume of activity.

Costs in respect of redundancy have also been incurred.

**83B9 MARKETS & HALLS** (77,110)  
Income at the Matford Centre is expected to exceed the budget due to an increase in livestock sales.

Sunday Markets and Car boot sales income is expected to be higher than the budget figure

Exeter Corn Exchange income is also higher than budgeted due to increased lettings and event ticket sales.

A saving is expected in respect of superannuation.

**2009-2010 EXPECTED FINAL OUTTURN** **£1,389,210**

**3. RECOMMENDED** that Members note the contents of this report.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)**

**Background papers used in compiling this report:**

1. None

**SCRUTINY COMMITTEE - ECONOMY  
STEWARDSHIP**

**APRIL 2009 TO SEPTEMBER 2009**

<b>ANNUAL BUDGET</b>	<b>SUPPLEMENTARY BUDGET</b>	<b>NOTIONAL CHARGES***</b>	<b>REVISED BUDGET</b>	<b>CODE</b>		<b>CURRENT OUTTURN FORECAST</b>	<b>FORECAST VARIANCE</b>
<b>£</b>	<b>£</b>		<b>£</b>			<b>£</b>	<b>£</b>
(2,637,640)	47,000	(26,690)	(2,563,950)	83A1	PROPERTY & ESTATES SERVICES	(2,622,850)	(58,900)
2,944,960	0		2,944,960	83A2	TRANSPORTATION/CONCESSIONARY FARES	2,944,960	0
(3,143,030)	10,900	86,240	(3,218,370)	83A3	CAR PARKING	(3,037,280)	181,090
852,000	0	49,640	802,360	83A4	ECONOMIC DEVELOPMENT	799,720	(2,640)
284,530	0	(7,190)	291,720	83A5	FESTIVALS & EVENTS	287,770	(3,950)
549,180	0	(8,700)	557,880	83A6	TOURIST INFORMATION	544,300	(13,580)
26,000	0		26,000	83A7	ARCHAEOLOGY IN EXETER	26,000	0
546,310	4,500	297,180	253,630	83A8	DISTRICT HIGHWAYS & FOOTPATHS	253,630	0
52,380	0	(14,350)	66,730	83A9	BUILDING CONTROL	104,740	38,010
137,190	0	6,070	131,120	83B1	LAND DRAINAGE	131,120	0
0		(6,910)	6,910	83B2	ADMINISTRATION SERVICE	6,910	0
0		(9,250)	9,250	83B3	DIRECTOR ECONOMY & DEVELOPMENT	9,250	0
0	0	(19,990)	19,990	83B4	ENGINEERING & CONSTRUCTION SERVICES	19,990	0
1,298,040	0	(63,730)	1,361,770	83B5	PLANNING SERVICES	1,415,120	53,350
70,560	37,770	8,120	100,210	83B6	CONSERVATION	100,210	0
0	0	(22,680)	22,680	83B7	ARCHAEOLOGICAL FIELD UNIT	319,340	296,660
0	0		0	83B8	MAJOR PROJECTS	0	0
141,290	25,760	3,660	163,390	83B9	MARKETS & HALLS	86,280	(77,110)
0							
<u>1,121,770</u>	<u>125,930</u>	<u>271,420</u>	<u>976,280</u>		<b>NET EXPENDITURE</b>	<u>1,389,210</u>	<u>412,930</u>

\*\*\* Includes:

Capital Charges	83A2
FRS17 Pension Costs	83B1
	83B5
	83B5

**Transfers from Earmarked Reserves**

Contribution to TravelSmart	(5,000)
Building Control	(21,420)
Local Development Framework	(80,200)
Planning Delivery Grant	(200,520)

**OVERALL FORECAST EXPENDITURE FOR THE YEAR AFTER MOVEMENTS TO/FROM RESERVES** 1,082,070

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - ECONOMY 12 NOVEMBER 2009

#### RISK MANAGEMENT

#### 1. PURPOSE OF THE REPORT

- 1.1 To advise the Committee of the risks identified that relate to its areas, and of the actions taken and proposed to mitigate the risks concerned.

#### 2. BACKGROUND

- 2.1 An annual risk management report is now made to both the Economy and the Community Scrutiny Committees of the risks that relate to their areas of work.

#### 3. RISK REGISTER

- 3.1 The Corporate Risk Management Group and relevant officers consider the hazards that have been identified and, based upon the measures already taken, assess the Impact and Likelihood of their occurrence. The Impact and Likelihood are scored from 1 (low) to 4 (high), and the resulting total is expressed as either Low, Medium or High.

- 3.2 The latest review has resulted in the following changes to risks that relate to this Committee's areas of work, reflected in the attached table:

##### 1. Managerial/Professional

- Swine Flu – New – High risk due to the predicted Autumn increase in cases.

##### 8. Financial

- **Concessionary Fares** – Further representations have been made to the Transport Minister (other Councils in a similar position have done likewise). An indication was given that a proposal from Government may be forthcoming for 2010/11, subject to consultation, but unless and until this is confirmed, the risk of continuing financial loss remains high.

- **Housing and Planning Delivery Grant** – New – Medium risk of financial loss if the award is less than budgeted for, given that the method of allocation may change. The risk is mitigated as far as possible by responding to any draft changes, and working towards the performance targets which govern the allocation of grant. Further, the reliance of the Planning service on HPDG funding for staffing is being gradually reduced.

- **Planning appeals** – New – Low risk of financial loss due to the revised processes for dealing with telecom applications being amended following the recent awards of costs against the Council.

- **Science Park** – New – Medium risk of financial loss, mitigated by the regular and transparent monitoring of project and development finances.

##### 10. Partnership/Contractual

- **Archaeological Field Unit** – New – High risk of financial loss if the new structure being devised on the instructions of Executive does not succeed in making the Unit break even. There are associated risks given the issues to be

resolved regarding the future of archive material and the backlog in writing up investigations. These risks will be mitigated by implementation and monitoring of the new arrangements once agreed.

#### **11. Competitive**

- **Major Client/Work** – increased from Low to Medium risk as the loss of major clients would affect the relevant services.

#### **4. RISK MANAGEMENT PROGRESS**

- 4.1 As part of the roll-out process, work has begun to establish risk registers for each unit starting with the high risk 'public facing' areas. The roll-out is essential in order to ensure that risk and business continuity management is embedded throughout the Council. A risk register is currently being established for the car parking service

#### **5. RECOMMENDATIONS**

That the Scrutiny Committee – Economy

- 5.1 notes the risks relating to its areas of work and
- 5.2 undertakes ongoing monitoring to ensure that the risk register remains current and risk assessments are valid, and that proposed mitigating action is taken by the agreed target dates.

Ross Hussey  
Projects and Business Manager

Roger Coombes  
Head of Parking, Engineering and Business Support

### **ECONOMY & DEVELOPMENT DIRECTORATE**

**Local Government (Access to Information) Act 1985 (as amended)**

**Background papers used in compiling the report:**

None

Exeter City Council Economy & Development Risk Register			Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits			What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot	I	L	Tot	H M L								

5. Legislative/Regulatory and Legal															
1. <b>Health &amp; Safety</b> Note: a number of issues arise under this heading and separate H&S action plans are maintained at Directorate level							4	2	8	M			Relevant Heads of Services	7 8	⇒
2. <b>Legislation</b> <b>a) Risks &amp; threats:</b> • Failure to: - respond to new legislation - comply with new/ existing legislation - Members to take into account legal implications of decisions <b>Consequences:</b> • judicial review • damage to reputation • damages or fines <b>b) Benefits and opportunities:</b> • Council complies with legislation and carries out its legal duties • Protects staff and the public			4	3	12	• Legal's intranet site giving advice • Target advice to Units • Communication with professional bodies and organisations to seek assistance and advice • Legal obtains local gov't law updates from the internet, publishers, course organisers and colleagues • Legal advice available to Members and colleagues (open door policy) • Heads of Service and staff obtain relevant updates from central government, professional organisations and local government associations • CPD/training courses	4	2	8	M	• Include updates in Team Briefs • Ensure information is disseminated	• Ongoing • Ongoing	All Heads of Service	7 8	⇒
4. <b>Asbestos Materials</b> <b>a) Risks &amp; threats:</b> • Contamination of the environment • Effect on individuals' health			4	2	8	• Asbestos register maintained and updated • Contractors supervised and new staff advised • Financial bids made to remove such materials	3	2	6	M	• Staff to be reminded periodically of inherent risks • Asbestos management plans to be trialled and rolled out to all responsible	• Ongoing • Dec 09	All Facilities Managers  Head of Contracts & Direct	2 7 8	⇒

Exeter City Council Economy & Development Risk Register				Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits				What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot		I	L	Tot	H M L								

<b>Consequences:</b> <ul style="list-style-type: none"> <li>death through asbestosis</li> <li>prosecution of staff</li> <li>civil damages sought</li> </ul> <b>b) Benefits and opportunities:</b> <ul style="list-style-type: none"> <li>Actions reaffirm the Council's commitment to protect staff, residents and users</li> <li>Avoidance of possible asbestosis claims</li> </ul>							<ul style="list-style-type: none"> <li>Specialist surveyors employed to update register</li> <li>Asbestos management plans for Council properties</li> <li>Asbestos manager appointed Jan 2007</li> <li>Additional funding made available to manage asbestos in Council properties</li> <li>Policy approved by SMT and Members April 2008</li> <li>Specialist training on policy and wider responsibilities provided to all officers with responsibility to manage asbestos</li> <li>Pro-forma asbestos management plans being developed</li> </ul>					managers		Services	
--	--	--	--	--	--	--	---	--	--	--	--	----------	--	----------	--

6. Environmental																
<b>5. Flooding</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>River Exe overtopping the flood defences</li> </ul> <b>Consequences:</b> <ul style="list-style-type: none"> <li>risk of drowning</li> <li>damage to property</li> <li>displacement of large numbers of people</li> <li>health risks</li> </ul> <b>b) Benefits and</b>				4	1	4	<ul style="list-style-type: none"> <li>Major Incident Plan prepared in conjunction with Devon CC, Environment Agency and other district councils</li> <li>Revised response team created</li> <li>Flood training provided</li> <li>Emergency response measures are in place</li> <li>Environment Agency</li> </ul>	4	1	4	L	<ul style="list-style-type: none"> <li>Identify utilities' installations that are vulnerable to flooding and actions necessary</li> <li>Review Council policies when government response to Pitt Report published</li> <li>SFRA in place</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	Engineering & Construction Manager	278	⇒



Exeter City Council Economy & Development Risk Register			Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits			What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot	I	L	Tot	H	M	L						

<b>opportunities:</b> • Reduction in possible effects of such an event			has raised height of flood barriers in Exwick area											
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7. Managerial/Professional															
<b>1. Swine flu</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Pandemic - high level of population infected, possibly from Autumn 2009, leading to large portion of staff ill and absent, and/or reluctant to attend work for fear of contracting illness</li> </ul> <b>Consequences:</b> <ul style="list-style-type: none"> <li>inability to deliver essential services critically undermined</li> <li>adverse effect on all service delivery</li> <li>increase in pressure on remaining staff</li> <li>additional costs of providing cover</li> <li>other services/businesses could be disrupted (fuel supply, public transport)</li> <li>retail/business affected, leading to drop in Council income from under-use of car parks</li> <li>diversion of Council staff to deal with</li> </ul>			4	4	16	<ul style="list-style-type: none"> <li>Homeworking arrangements for some staff (e.g. Benefits)</li> <li>Business Continuity Plans for services in place</li> <li>Specifically addressed in Cleansing Risk Register</li> <li>Excess Deaths Emergency Plan in place</li> <li>National campaign of health education, use of anti-virals for treatment and advent of vaccinations for prevention</li> <li>Raising awareness of swine flu corporately, with guidance about symptoms, spread, need for hygiene, etc.</li> </ul>	3	4	12	H	<ul style="list-style-type: none"> <li>Review of BCPs to ensure robustness and improve where necessary</li> <li>Identification of priority services and measures to ensure support</li> <li>Strengthened awareness raising amongst staff, with corporate guidance on illness procedure (stay home if exhibiting symptoms and seek medical help), to reduce likelihood of transmission</li> <li>Engendering vaccination of staff when vaccine becomes available</li> <li>Increase preparedness for excess deaths emergency</li> <li>Emergency planning exercise for Swine Flu to be run</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Nov 09</li> </ul>	Head of Human Resources  Emergency Planning Officer  Heads of Service	7 8	New

Exeter City Council Economy & Development Risk Register				Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits				What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot		I	L	Tot	H M L								

emergency situation <b>b) Benefits and opportunities:</b>																
<ul style="list-style-type: none"> <li>provides opportunity to test BC plans</li> <li>involvement shows Council's commitment to protect staff, residents and business</li> <li>reduction in possible effects of such an event</li> </ul>																
<b>2. Staff Sickness</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>High or increasing levels of sickness</li> </ul> <b>Consequences:</b> <ul style="list-style-type: none"> <li>essential services not delivered</li> <li>adverse effect on service delivery</li> <li>increase in stress/pressure on remaining staff</li> <li>costs of providing cover</li> </ul> <b>b) Benefits and opportunities:</b> <ul style="list-style-type: none"> <li>Enables efficient service delivery</li> <li>Healthier working environment</li> </ul>				3	3	9	<ul style="list-style-type: none"> <li>Case management introduced</li> <li>Support through alternative remedies</li> <li>Improved statistical information</li> <li>Policies/procedures</li> <li>Contract with Occupational Health reviewed</li> <li>Managing sickness training</li> <li>Stress audits undertaken</li> </ul>	2	3	6	M	<ul style="list-style-type: none"> <li>Continue management of sickness and implement formal action and intervention as appropriate</li> <li>Training and development</li> <li>Continued detailed monitoring</li> <li>Encourage healthy lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> </ul>	Head of Human Resources  Payroll Services Officer  Relevant Heads of Service	7 8	⇒
<b>4. Employees' Safety</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Serious harm to employees (e.g. visiting</li> </ul>				2	3	6	<ul style="list-style-type: none"> <li>Step Away policy, training and guidance</li> <li>Safe working practices</li> <li>Lone worker guidance</li> </ul>	2	2	4	L	<ul style="list-style-type: none"> <li>Training and development</li> <li>Provision of counselling, trauma counselling</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> </ul>	Head of Corporate Customer Services	7 8	⇒

Exeter City Council Economy & Development Risk Register			Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits			What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot	I	L	Tot	H M L								

officers, front line staff) <b>Consequences:</b> <ul style="list-style-type: none"> <li>essential services not delivered</li> <li>legal action against Council</li> <li>loss of morale</li> <li>deterioration in service delivery</li> </ul> <b>b) Benefits and opportunities:</b> <ul style="list-style-type: none"> <li>Reduced absenteeism</li> <li>Healthy work environment</li> <li>Compliance with best practice</li> <li>Raise staff morale</li> </ul>						<ul style="list-style-type: none"> <li>Fire risk assessment</li> <li>Door entry system and name badges</li> <li>Bailiff service outsourced</li> <li>Employee protection register developed</li> <li>Security officers appointed</li> <li>Limitations on access to buildings</li> <li>Appointment of Asbestos Safety Adviser</li> </ul>					<ul style="list-style-type: none"> <li>Outsourcing of certain functions</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	Head of Human Resources  Relevant Heads of Service		
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8. Financial															
<b>1. Concessionary fares</b>															
<b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Continuation of costs of concessionary travel exceeding budget provision.</li> </ul> <b>Consequence:</b> <ul style="list-style-type: none"> <li>Council's overall financial position worsens</li> </ul> <b>b) Benefits and opportunities:</b> <ul style="list-style-type: none"> <li></li> </ul>			4	4	16	<ul style="list-style-type: none"> <li>Making joint representations to Government with other Councils in a similar position, and local MP has been alerted to the problem</li> <li>Fixed sum deal agreed with Stagecoach</li> </ul>	4	4	16	H	<ul style="list-style-type: none"> <li>A higher level of funding needs to be obtained from government</li> <li>The campaign to deliver higher funding continues and a response will be submitted to any government consultation on this issue.</li> <li>Enhancements to the scheme over and above those legally required should be resisted.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing to March 2010</li> </ul>	Head of Parking, Engineering & Business Support  Chief Executive	7	⇒

Exeter City Council Economy & Development Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority				What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot		I	L	Tot	H M L					
<b>2. Car Parks Income</b> <b>a) Risks &amp; threats</b> <ul style="list-style-type: none"> <li>Effects of any significant reduction in demand</li> </ul> <b>Consequences:</b> <ul style="list-style-type: none"> <li>significant loss of income</li> </ul> <b>b) Benefits and opportunities:</b> <ul style="list-style-type: none"> <li>Completion of Princesshay will draw people into Exeter and increase overall demand for car parking spaces</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Strategy formulated to promote Exeter</li> </ul>	3	4	12	H	<ul style="list-style-type: none"> <li>Promote Exeter as a shopper/visitor destination</li> <li>Quarterly monitoring of car park usage &amp; income</li> <li>Programme of works to make facilities more attractive to customers</li> <li>Implement a tariff policy which reflects underlying economic conditions and seeks to protect income in times of recession</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> </ul>	Head of Economy & Tourism	7	⇒
<b>9. Housing and Planning Delivery Grant</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Award less than budgeted for</li> </ul> <b>Consequence:</b> <ul style="list-style-type: none"> <li>adverse effect on the Unit's budget</li> <li>reduction in staffing</li> <li>inability to meet service targets and standards or fund projects</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Monitoring and responding to any draft allocation changes</li> <li>Monitoring implications of any proposals to change the system</li> <li>Cautious estimates of future awards</li> <li>Actions to reduce the draw on the existing reserve</li> </ul>	4	2	8	M	<ul style="list-style-type: none"> <li>Actively work towards and anticipate targets</li> <li>Reduce the reliance of Planning Services on HPDG funding for staffing</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	Head of Planning & Building Control	7	New
<b>14. Science Park</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Company incurs significant cost liabilities</li> </ul> <b>Consequences:</b> <ul style="list-style-type: none"> <li>loss of the Council's</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>Regular and transparent monitoring of project and development finances.</li> </ul>	3	2	6	M	<ul style="list-style-type: none"> <li>Senior level overview of company performance.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	Head of Economy & Tourism	5 7 8	New

Exeter City Council Economy & Development Risk Register				Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits				What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot		I	L	Tot	H M L								

investment in the company																
<ul style="list-style-type: none"> <li>adverse media and public criticism</li> <li>adverse effect on the Council's reputation</li> <li>adverse effect on jobs and commercial growth</li> </ul>																
<b>18. Planning appeals</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Significant award of costs against the Council at planning appeals</li> </ul> <b>Consequence:</b> <ul style="list-style-type: none"> <li>adverse effect on the Unit's budget</li> <li>reduction in staffing</li> <li>inability to meet service targets and standards</li> </ul>				4	4	16	<ul style="list-style-type: none"> <li>Officers advise Members if potential risk at Planning Committee</li> <li>Treatment of telecom applications amended following recent award</li> </ul>	4	1	4	L	<ul style="list-style-type: none"> <li>Active monitoring of officer reports and any appeals by Development Manager and Planning Solicitor</li> <li>Involvement of members in any decisions to refuse</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	Head of Planning & Building Control  Head of Legal	7 8	New

9. Physical																
<b>2. Business Continuity Management</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Failure to undertake BCM and planning</li> </ul> <b>Consequences:</b> <ul style="list-style-type: none"> <li>essential services not delivered</li> <li>vulnerable persons suffer (e.g. benefits, home call, etc.)</li> <li>adverse media and public criticism</li> </ul>				4	4	16	<ul style="list-style-type: none"> <li>All units have completed a BCP and assessments agreed by each Director</li> <li>A BCM team has been identified and allocated responsibilities</li> </ul>	2	2	4	L	<ul style="list-style-type: none"> <li>The Council's BCM to be audited against the BSI 25999 standards</li> </ul>	<ul style="list-style-type: none"> <li>2009/10</li> </ul>	SMT  Heads of Service  Head of Audit	7 8	⇒

Exeter City Council Economy & Development Risk Register				Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits				What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot		I	L	Tot	H M L								

<ul style="list-style-type: none"> <li>lack of trust in the Council and its managers</li> <li>public health and safety effects (e.g. refuse build-up)</li> <li>adverse affect on staff morale</li> <li>non-compliance with legislation (Civil Contingency Act)</li> </ul> <p><b>b) Benefits and opportunities:</b></p> <ul style="list-style-type: none"> <li>Essential services recovered and adverse affects minimised</li> </ul>																
<p><b>3. Income, Assets and Buildings</b></p> <p><b>a) Risks &amp; threats:</b></p> <ul style="list-style-type: none"> <li>Major loss or theft of assets and income</li> <li>Major fraud</li> <li>Intrusion or fire</li> <li>Theft/loss of valuable artefacts</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>impact on various heritage artefacts</li> <li>essential services not delivered</li> <li>loss of priceless/irreplaceable artefacts</li> <li>historical buildings (e.g. Guildhall - Grade 1) damaged beyond repair</li> </ul>				4	4	16	<ul style="list-style-type: none"> <li>Maintenance of appropriate insurance cover</li> <li>Business continuity plans</li> <li>Internal Audit undertake systems based audits of all major systems and test these annually</li> <li>Periodic reviews of inventories</li> <li>Professional valuation of all artefacts (Guildhall) 2002</li> <li>Photographic evidence of buildings/artefacts (Guidhall)</li> <li>Increased CCTV and Security Officer at Civic</li> </ul>	3	1	3	L	<ul style="list-style-type: none"> <li>Review alarm systems</li> <li>Regular maintenance of security systems, etc.</li> <li>Crime Prevention Officer reviews</li> <li>Continued Internal Audit (IA) reviews to assess systems' security</li> <li>IA issue annual reminders re: inventories</li> <li>IA assess 'occurrences' to improve robustness of systems</li> <li>Periodically publicise the Council's Whistle blowing and Anti-Fraud strategies</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>½ yearly</li> <li>Ongoing</li> <li>½ yearly</li> </ul>	Head of Audit  Mayoral Support Officer  All Heads of Service, employees and Members	7	⇒

Exeter City Council Economy & Development Risk Register				Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits				What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot		I	L	Tot	H M L								

<ul style="list-style-type: none"> <li>adverse effect on income and capital budgets</li> <li>adverse criticism/ publicity</li> <li>major impact on Internal Audit's time re: investigating and dealing with Police</li> </ul> <p><b>b) Benefits and opportunities:</b></p> <ul style="list-style-type: none"> <li>Reduction in likelihood and financial affects of an incident</li> </ul>				<ul style="list-style-type: none"> <li>Centre</li> <li>Additional CCTV</li> </ul>													
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10. Partnership/Contractual																						
<b>1. Archaeological Field Unit</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Unit continues to make a loss despite measures being taken</li> <li>Backlog in writing up investigations remains unresolved despite measures being taken</li> </ul> <b>Consequences:</b> <ul style="list-style-type: none"> <li>continuing cost to the Council</li> <li>threat to continued existence of the Unit</li> <li>uncertainty over undeposited archive material</li> <li>Scheduled</li> </ul>				4	4	16	<ul style="list-style-type: none"> <li>Executive has instructed officers to devise a structure for a smaller Unit</li> <li>Measures being put in place to reduce investigations backlog</li> </ul>				4	3	12	H	<ul style="list-style-type: none"> <li>Structure to be devised which can break even within the reasonable future</li> <li>New arrangements to be monitored for financial robustness once in place</li> <li>Plans to be drawn up for safeguarding archive material</li> <li>Plans to be drawn up for dealing with key elements of backlog</li> </ul>				<ul style="list-style-type: none"> <li>2009/10</li> </ul>	Head of AFU	3 7 8	New

Exeter City Council Economy & Development Risk Register				Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority								
Risks and benefits				What has been done to control risks (i.e. countermeasures)				What needs to be done to control risks				Target date(s)	Responsible officer	Strat Obj ref	Change
I	L	Tot		I	L	Tot	H M L								

Monuments Consents remain unresolved • reputational risk to Council																
<b>2. Contracts and Partnerships</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Failure to contract or partner</li> <li>Non-compliance with procurement rules</li> </ul> <b>Consequences:</b> <ul style="list-style-type: none"> <li>systems/projects fail or become unsupported</li> <li>financial impact (fines) if rules not complied with</li> </ul> <b>b) Benefits and opportunities:</b> <ul style="list-style-type: none"> <li>Partnerships can help deliver services in a more cost effective and convenient manner</li> <li>IT essential services recovered and adverse affects minimised</li> <li>Income generated for the Council</li> </ul>				3	3	9	<ul style="list-style-type: none"> <li>Ongoing monitoring</li> <li>Procurement group established</li> <li>Standard contracts in place</li> <li>Sustainable Procurement and Commissioning Strategy 2009-2012 approved March 2009</li> </ul>	2	2	4	L	<ul style="list-style-type: none"> <li>Continue to apply best practice and standards identified in the Procurement Strategy</li> </ul>	• Ongoing	Relevant Heads of Service	7	→

11. Competitive																
<b>1. Major Client/Work</b> <b>a) Risks &amp; threats:</b> <ul style="list-style-type: none"> <li>Loss of a major client or work</li> </ul> <b>Consequences:</b>				3	3	9	<ul style="list-style-type: none"> <li>Identify service improvement via Service Improvement Portfolios</li> <li>Medium term financial planning</li> </ul>	2	3	6	M	<ul style="list-style-type: none"> <li>Review annually in budget and service planning process</li> </ul>	• Ongoing	• Relevant Heads of Services	7	↑



Exeter City Council Economy & Development Risk Register				Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority									
Risks and benefits				I	L	Tot	I	L	Tot	H M L	What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change	
<ul style="list-style-type: none"> <li>• services not viable</li> <li>• increased overheads</li> <li>• detrimental effect on revenue budget</li> <li>• staff redundancies and costs</li> </ul> <b>b) Benefits and opportunities:</b> <ul style="list-style-type: none"> <li>• Ensures events can be readily assessed and prompt responses</li> </ul>																

## Key to risk figures

Key:	
↑	Increased risk priority from last half-year
⇒	Same risk priority as last half-year
↓	Reduced priority from last half-year

Severity of impact matrix						
Score	Personal safety	Failure to provide statutory duties or meet legal obligations	Financial loss	Service disruption	Personal privacy infringement	Embarrassment or reputation
1 Minor	Minor injury or discomfort to an individual or several people	Litigation, claims or fines - Section/ Unit up to £5k	Up to 5% of budget	1 day	Isolated individual personal detail compromised or revealed	Contained within section or unit
2 Significant	Severe injury to an individual or several people	Litigation, claims or fines - Section/ Unit £5k to £10k	Up to 10% of budget	2-3 days	Some individual personal details compromised or revealed	Local public or press interest
3 Serious	Major injury to an individual or several people	Litigation, claims or fines - Section/ Unit £10k to £50k	Up to 25% of budget	3-5 days	Many individual personal details compromised /or revealed	National public or press aware
4 Major	Death of an individual or several people	Litigation, claims or fines - Unit over £50k	Over 25% of budget	5+ days	All personal details compromised or revealed	Section Head, Head of Service or Director forced to resign

### Key to risk figures

Likelihood matrix			
Score	Definition	Likelihood of occurrence	Environmental event (e.g. flooding)
1 Remote	Rare/may occur in exceptional circumstances	0% to 15%	Once in 50 years
2 Unlikely	Could occur at some time	15% to 55%	Once in 20 years
3 Likely/possible	Will/might occur at some time	55% to 90%	Once in 5 years
4 Very likely	Almost certain/is expected to occur in most circumstances	90% +	Annually

Risk matrix					
Impact	4	4 Low	8 Medium	12 High	16 High
	3	3 Low	6 Medium	9 Medium	12 High
	2	2 Low	4 Low	6 Medium	8 Medium
	1	1 Low	2 Low	3 Low	4 Low
		1	2	3	4
Likelihood					

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – ECONOMY

12 NOVEMBER 2009

#### HALF YEAR RESULTS OF PERFORMANCE MONITORING 2009/10

##### **1. PURPOSE OF REPORT**

- 1.1. To report the half year figures for those statutory and local performance indicators that relate to services provided by the Economy and Development Directorate.

##### **2. BACKGROUND**

- 2.1. Performance indicators are used to measure progress against the Council's strategic objectives and regular monitoring ensures that the Council is on track to meet its targets, or that remedial action is taken where necessary. Performance results are also compared annually with similar councils to assess the efficiency and effectiveness of services.
- 2.2. Local indicators are chosen by the council to reflect specific priorities and to provide useful management information. National indicators are prescribed by the Government. In October 2007, the Government published a new single set of 198 national indicators (NIs). The NIs replace all previous indicators, including best value performance indicators, but the majority apply to single tier/county councils.
- 2.3. Members play an important role in reviewing performance and data quality. The attached tables contain the figures for those national and local performance indicators that relate to services provided by the Economy and Development Directorate. Commentary is provided on the results to provide context and to explain any variance from targets and any remedial action taken or planned.

##### **3. ANALYSIS**

- 3.1 Overall performance to date is broadly positive. Key issues to highlight are as follows.

##### **3.2 Planning**

Determination of planning applications within the prescribed period has been on target for the first two quarters of this year for all types of application, representing a marked improvement on last year's performance in relation to major applications. Members will recall that a protocol has been introduced for dealing with major applications, encouraging submission of pre-application proposals for consideration, and this appears to have achieved a degree of success in terms of the time subsequently taken to process applications.

### 3.3 Economy and Tourism

The Underground Passages exceeded their target for visitor numbers, however, numbers were below target for Exeter Visitor Information and Tickets, and an improvement to signing and a promotional campaign is being implemented to raise its profile. Satisfaction with all the services and attractions listed was broadly high. The feedback from visitors will be used to further improve the experience in the coming year.

### 3.4 Land Charges

Although down on last year's exceptionally high level, performance in relation to response times is comfortably on target.

### 3.5 Parking and Administration Services

The only indicator reported for Quarter 2 for this service is the take-up of concessionary fare passes, which is up on last year and broadly on target.

## 4 RECOMMENDATION

- 4.1 That members consider the report and indicate whether they wish to receive any further information on any particular issue(s).

Ross Hussey  
Projects and Business Manager

Roger Coombes  
Head of Parking, Engineering and Business Support

## ECONOMY AND DEVELOPMENT DIRECTORATE

### Local Government Act 1972 (as amended)

Background papers used in compiling this report:-

None

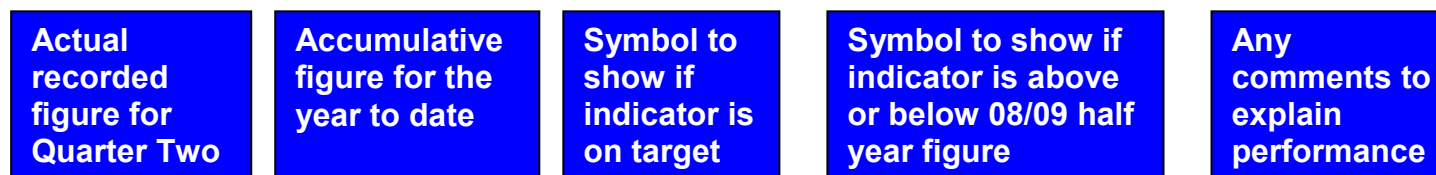
# Performance Indicator Results Half Year 2009/10

## How to interpret the performance report

Performance is shown as a comparison to the half year target. A tolerance is set for each indicator, allowing performance to be shown as on target even if it is below target by 10 percent.

The following symbols are used.

- ★ The Green Star shows that performance is better than target
- The Blue Circle shows that performance is on target, within the tolerance
- ▲ The Red Triangle warns that performance is below target by more than 10%
  
- ✓ The green tick indicates that the half year figure for 2009/10 is better than the half year figure for 2008/09
- ➡ The black arrow indicates that there is no change between the half year figures for 2008/09 and 2009/10
- ✗ The red cross indicates that the half year figure for 2009/10 is worse than the half year figure for 2008/09



	Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 half year figure	Q2 Commentary
LPI HO5 % of responsive repairs completed within target timescales									

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SO4: Maximise the potential of all our citizens by tackling social disadvantage and deprivation									
Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year 09/10	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 Half Year	Commentary	
LPI AC1 % take-up of concessionary fares passes by eligible residents aged 60 and over	84.50	86.00	86.00	●	88.00	88.50	✓	The figure is calculated as a percentage of Exeter's 2006 population figure	
SO5: Ensure that Exeter is a buoyant, dynamic and innovative regional city with sustainable growth									
Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year 09/10	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 Half Year	Commentary	
NI157a % of major planning applications processed within 13 weeks	81.82	100.00	66.67	★	60.00	60.00	✓		
NI157b % of minor planning applications processed within 8 weeks	86.96	81.67	92.42	★	65.00	65.00	✓		
NI157c % of other planning applications processed within 8 weeks	88.89	82.68	86.67	★	80.00	80.00	✓		
SO7: Use resources effectively and provide high performing, value for money services									
Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year 09/10	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 Half Year	Commentary	
LPI ES1 % of local searches carried out in 7 working days	99.77	n/a	96.10	★	95.00	95.00	✗	Slight drop due to less staff resources over holiday period.	
SO8: Promote an extremely positive image and reputation and ensure high levels of customer satisfaction									
Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year 09/10	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 Half Year	Commentary	
LPI ET1 % of overall impression of the TIC was excellent/good	81.50	n/a	86.00	●	95.00	95.00	✓	Improvement on last year, but still issues with signage, which brings down the result. This is being addressed through highway signage and improved pedestrian signage.	
LPI ET3 % overall impression of Underground Passages was excellent/good	98.00	n/a	97.00	★	95.00	95.00	✗	Signage directly outside the centre is an issue as well as the short length of the tour underground.	
LPI ET4 % stated overall the Quay House Visitor Centre was excellent/good	92.00	n/a	96.00	★	95.00	95.00	✓	Visitors to the Quay House Visitors Centre are always enthusiastic about the service they receive and the Centre itself.	
LPI ET5 No. of visitors to Exeter's Underground Passages	18737.00	4968.00	6778.00	11746.00	9800.00	19600.00	✗	The centre was closed for just over two weeks during the six weeks summer holidays, due to flooding, which badly affected our visitor numbers. An autumn promotional campaign is being implemented to boost visitor numbers.	
LPI ET6 No. of visitors to Exeter Visitor Information & Tickets	100582.00	16089.00	30118.00	46207.00	52800.00	105600.00	✗	The economic situation, and to some extent the weather, has affected the amount of visitors to the city and therefore the centre this summer. A series of events / press releases are being developed to boost visitor numbers during the autumn & winter period.	
LPI ET7 % stated overall the Red Coat Guides were excellent/good	96.00	n/a	90.00	●	95.00	95.00	✗	Two main concerns were that tours were too long in time and that they started too early in the morning. These issues will be addressed when planning the programme for 2010/11.	

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - ECONOMY

12 NOVEMBER 2009

#### PROPERTY PERFORMANCE INDICATORS

##### 1.0 Purpose of Report

- 1.1 To inform Members of the position regarding the Council's performance on Property Performance Indicators (PPIs); to establish further targets for those indicators; and to authorise officers to review the suite of indicators used.

##### 2.0 Background

- 2.1 The City Council has a significant property asset portfolio. At the year end for 2008/9 the net book values of these assets (not including housing) were as follows:

Operational assets	£69,108,000
Non-operational assets	£42,145,000

- 2.2 The non-operational portfolio is held for strategic purposes and also generates a substantial rent roll which underpins the City Council's revenue budget.
- 2.3 As part of its Asset Management Plan requirements for local authorities, the Government established high level PPIs which were developed to provide a standard set of data against which authorities can measure their own performance year on year and also can use to benchmark nationally. These were first reported in the Council's Asset Management Plan submission to the Government Office South West in July 2002 for the year 2001/2 and have been reported to Economy Scrutiny Committee on an annual basis since then.
- 2.4 It has become apparent that this suite of indicators has increasingly fallen out of use as local authorities have moved towards adopting various other, more bespoke property performance indicator suites. It is suggested that officers be authorised to consider some of these new indicator suites with a view to seeing if they might be more useful in helping the City Council to measure its performance and to seek improvements.
- 2.5 The Council itself identified a series of local PPIs to measure specific performance in certain areas. It was intended that these would assist the City Council to focus on and monitor in greater detail the objectives set out in the Capital Strategy and Asset Management Plan. It is felt that these local indicators are more effective in monitoring performance but, again, officers could take the opportunity to review them alongside the national indicator suites. These local PPIs have been reported annually to the Economy Scrutiny Committee since 2003.
- 2.6 The Economy Scrutiny Committee also sets targets for both the national and local PPIs and performance against these targets are shown in the PPI tables in the Annexe to this report.

##### 3.0 Property Performance Indicators and Targets

- 3.1 The returns for 2008/9 are set out in the Annexe together with the 2007/8 data and the targets set for 2008/9. New targets for 2009/10 are also proposed.

## 4.0 Performance Analysis

4.1 Comment can be made as follows on each Indicator:

### *National PPIs*

- 1A Property Condition:  
The position continues to be stable. Although it is noted that there has been a marginal increase in the amount of category D properties which will need to be addressed, within the constraints of the City Council's budgetary position.
- 1B Backlog of Maintenance:  
We have not this year been able to continue making significant inroads into the identified maintenance backlog since Condition Survey work has identified further maintenance issues that need to be addressed.
- 2. Overall Average Internal Rate of Return\*:  
Since rents have not declined to the extent anticipated, the rate of return has in fact increased.
- 4A Annual Repair and Maintenance Costs:  
Maintenance spending has been sustained at its current levels with a marginal improvement in performance per square metre.
- 4B Energy, Water and CO<sup>2</sup> indicators:  
C The collation and analysis of this data is the responsibility of the Head of  
& Contracts & Direct Services. As reported for last year, the post holder for  
D the Energy Manager post had left without completing the task and it has not  
been possible to refill the post. The preparation of the data has therefore  
not been achievable. This data will need to be revisited as part of the  
proposed officer review.
- 5A Project Outturn:  
There has been a decline in performance on project outturn. We will look to improve this in 2009/10.
- 5B Project Timescale:  
Project timescale performance has stabilised but has not seen the hoped for improvement. Again this will need to be addressed in 2009/10.

### *Local Indicators*

- 1. Capital Disposals:  
The deterioration in economic conditions has resulted in significant receipts not being received in 2008/9 (in particular the Canal Basin and Princesshay residential receipts). We continue to actively manage the portfolio to secure capital receipt opportunities as and when they arise.
- 2. Performance and Investment Portfolio:  
The yield on the portfolio has risen as predicted with a marginal fall in capital values and a slight increase in the rent roll.
- 3. Voids:  
Although the percentage of voids has increased, active management of the portfolio has limited the anticipated pressure on lettings that was anticipated in last year's report. We will endeavour to continue to keep on top of this issue in the coming year but have assumed that there remains a danger of

more units becoming vacant over 2009/10.

4. Efficiency of Income Collection:  
The deteriorating economic conditions have resulted in rising rent arrears. We will continue to manage this process in a firm but patient manner and trust that the position improves as the economy stages a recovery.

**5.0 RECOMMENDED that:**

- 5.1
  - i. The report on Property Performance Indicators be noted and the targets for 2009/10 be adopted.
  - ii. That officers be authorised to review the Property Performance Indicators to see if the suite can be improved.

**DAVID PROSSER  
HEAD OF ESTATES  
ECONOMY & DEVELOPMENT DIRECTORATE**

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:  
Revenue and Capital Estimates  
Draft Accounts 2008/9

\* The internal rate of return is the actual return obtained from an investment. It is the rate of return at which the Net Present Value is zero with the investment making neither a profit nor a loss.

**PROPERTY PERFORMANCE INDICATORS AND TARGETS**

	<b>National Property Performance Indicators</b>	<b>Performance 2007/8</b>	<b>Target 2008/9</b>	<b>Performance 2008/9</b>	<b>Target 2009/10</b>
1A	Percentage of gross internal floor space in condition categories A to D for operational properties				
	A (Good)	41%	42%	41%	42%
	B (Satisfactory)	49%	50%	50%	51%
	C (Poor)	7%	6%	6%	5%
	D (Bad)	3%	2%	3%	2%
1B.	Backlog of maintenance by cost for operational property expressed as:				
	(i) As total value (up to condition B)	£252,500	£200,000	£252,000	£225,000
	(ii) As a percentage in priority levels 1 – 3.				
	1 (Urgent)	2%	1%	2%	1%
	2 (Essential)	7%	5%	7%	6%
	3 (Desirable)	91%	94%	91%	93%
2.	Overall average internal rate of return (IRR) for the Council's Retail Portfolio.	8.75%	8.5%	9.65%	9.5%
4A	Total annual repair and maintenance costs per sq metre (GIA) for operational property	£20.24	£20.00	£20.21	£20.00
4B	Total annual energy costs per sq metre (GIA) for operational property.	-	-	-	-
4C	Total annual water costs per sq metre (GIA) for operational property.	-	-	-	-
4D	Total annual CO <sub>2</sub> emissions in tonnes per sq metre (GIA) for operational property.	-	-	-	-
5A	Percentage of projects where outturn falls within plus or minus 5% of estimated outturn.	68%	70%	63%	70%
5D	Percentage of projects falling within plus 5% of estimated timescale.	53%	60%	53%	60%

	<b>Local Performance Indicators</b>	<b>Performance 2007/8</b>	<b>Target 2008/9</b>	<b>Performance 2008/9</b>	<b>Target 2009/10</b>
1.	Performance of capital disposals against target set as a percentage of the financial value achieved against the target set.	61%	100%	39%	100%
2.	Performance of Investment Portfolio as a percentage of the return of income against capital value of the investment estate.	8%	8.5%	8.6%	8.7%
3.	Voids. Number of lettable units void as a percentage of total units.	2%	5%	3.3%	5%
4.	Efficiency of Income Collection as a percentage of total gross income receivable as a percentage.	96.6%	99%	93.8%	97.5%

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - ECONOMY 12 NOVEMBER 2009

#### PROPERTY VOIDS AND DEBTS

#### 1.0 PURPOSE OF REPORT

- 1.1 To inform Members of the position regarding void properties as at 30 September 2009 and debts for the four quarters ending on the September 2009 quarter day.

#### VOID PROPERTIES

#### 2.0 BACKGROUND

- 2.1 The situation regarding void properties as at 30 September 2008 was reported to the Scrutiny Committee – Economy on 13 November 2008.
- 2.2 For the purpose of the report a void is defined as any unused or un-let land or building which is not used for the provision of services but with the following assumptions:
- Includes commercial properties and undeveloped and surplus land
  - Excludes parks and community spaces, allotments and garden plots, grazing land, all highway land, pavement cafes, showcases, parking spaces and residential properties.
- 2.3 Any property remaining un-let for more than one year is treated as a long-term void for the purposes of this report.

#### 3.0 LONG TERM VOIDS

- 3.1 The shop at 88 Fore St has now been vacant since January 2007, when the previous tenants, The Card Shop, went into administration. Commercial agents were appointed to re-let the unit but although there has been interest, it has proved extremely hard to find a tenant, especially in the current difficult market. At the time of the November 2008 report, terms had been agreed for a letting to a sandwich retailer, but they subsequently withdrew, and the unit remains empty. New agents have recently been appointed so a fresh marketing campaign is now underway.
- 3.2 The former council depot at Locarno Road also remains empty. Operational use of the building ceased in 1990 and it has since been let to a brain injury charity (until 2000) and to the Steiner School (until 2007). There have been expressions of interest and viewings but as yet this hasn't translated into a letting.
- 3.3 The shop at 88B Beacon Lane remains difficult to let. Interest from restaurant /take away users has not progressed due to the difficulty and cost of providing a satisfactory extraction solution. There is current interest for use as a martial arts centre and the planning issues associated with this are being explored.
- 3.4 The long-term voids as at 30 September 2009 are summarised in Table A below.

**Table A**  
**Long term voids**

<b>Address</b>	<b>Area m<sup>2</sup> Approx</b>	<b>Rental Value £</b>	<b>Date Vacated</b>	<b>Notes</b>
88 Fore St	85	35,000	25/01/07	See note 3.1
Locarno Rd depot	160	3,000	17/01/07	See note 3.2
88B Beacon Lane	107	10,000	27/11/07	See note 3.3
<b>Total</b>	<b>352</b>	<b>48,000</b>		

#### **4.0 SHORT TERM VOIDS**

- 4.1 Since last report, two previously identified 'short term' voids have been let. These are the small office within Verney House in Sidwell St and the shop at 89 South St, which is now trading as a Polish food outlet.
- 4.2 In addition, a number of properties have become vacant during the reporting period but have been successfully re-let. These are the shops at 4 South St (now a sweetshop) and 6 South St (to trade as a Vietnamese café), the first floor space at 183A Cowick St (trading as a beauty salon) and an office in the concourse of the Livestock Centre.
- 4.3 Since the last report we have a further five short term voids as detailed below.
- 4.4 The ground floor shop at Verney House is let subject to contract for the sale of film and television memorabilia.
- 4.5 A small workshop at Swan Yard is let subject to contract and planning to a firm of glaziers.
- 4.6 The first floor workshop and ground floor store of our commercial premises at Hamlin Lane are available.
- 4.7 The upper floors of 21 North St are available for office use.
- 4.8 The shop at 1-4 King William St fell vacant in July due to a relocation but is let subject to contract for use as an Asian convenience store.

**Table B**  
**Short term voids**

<b>Address</b>	<b>Area m<sup>2</sup> Approx</b>	<b>Rental Value £</b>	<b>Date Vacated/Available</b>	<b>Notes</b>
Verney House, ground floor	58	8,000	25/03/09	See note 4.4
Swan Yard	152	7,000	01/06/09	See note 4.5
Hamlin Lane	163	5,700	25/11/08	See note 4.6
21A North St	33	2,250	28/07/09	See note 4.7
1-4 King William St	78	10,500	14/07/09	See note 4.8
<b>Total</b>	<b>484</b>	<b>33,450</b>		

#### **5.0 UNDEVELOPED AND SURPLUS LAND**

5.1 Since the last report no land in this category has been disposed of.

**Table C**

Land	Area Hectares	Descriptions	Comments
Exhibition Fields (Eastern Fields)	2.6	Development site	Linked to infrastructure provision

## 6.0 CONCLUSION

6.1 The position on void units compared to the four previous reports is:

**Table D**

	No of Void Units	Total Area of Void Units in m <sup>2</sup>	Annual Rental of Void Units (£)
July 2006	13	2,964	210,750
January 2007	15	2,301	202,100
September 2007	4	325	79,950
September 2008	5	400	67,600
September 2009	8	836	81,450

6.2 Given the national (and even local) picture on voids in the current difficult market, the overall position for the Council's commercial portfolio is far better than may have been feared a year ago. This has been achieved through securing rapid re-letting of premises where feasible and through securing renewals on a number of properties where tenants could have vacated on expiry of their previous leases. Continued efforts will be made to tackle the three long term voids and to ensure that where short term voids occur that new lettings are secured as soon as possible. The retail property market is still suffering from the effects of the economic downturn, but there are definite signs of recovery and consolidation within the sector. We are aware that a number of our commercial tenants are still finding it difficult to trade effectively in the current climate, and a number of existing leases are on the market. It remains to be seen how occupancy rates will hold up through these difficult trading times, but for the time being the council is maintaining a very low rate of property voids relative to the size of the portfolio.

6.3 The rental value of current voids amounts to about 2% of the total rental value of the commercial portfolio. This is very low for a large and varied property base, particularly in the current market.

## RENT AND DEBT COLLECTION

### 7.0 BACKGROUND

The table overleaf summarises the amount of rent invoiced for each of the four quarters up to the quarter ended 28 September 2009, and the outstanding amounts at various points up to the date of compilation, the 30 September 2009. The first three columns of the table summarise the invoices as sent; the fourth column the amount of rent outstanding at 28 days, along with the percentage of the original total which these figures reflect; the fifth at 90 days, and the final one as at the date of compilation of this table.

## **8.0 PERFORMANCE INDICATORS**

- 8.1 Targets have been set for debt management where the rent is billed on a quarterly basis. The Council has agreed that debts outstanding 90 days after billing should be less than 2% of the total sum invoiced.

## **9.0 CURRENT POSITION**

- 9.1 £200,834 outstanding at 90 days, representing 6.23% of the total invoiced on the M001-M006 Cost Centres during the four quarters ending 28 September 2009 is a very large percentage increase on the amount outstanding in the last report made to Committee in November 2008, the figures being then £105,218 and 3.42% respectively.

- 9.2 £200,834, of the total of the £3,224,559 invoiced over the year, is a considerable sum to have outstanding after 90 days: however, Committee will be only too aware of the upheavals in the commercial market during this period and, no doubt, aware too of the number of businesses which have fallen victim to the recession. To date the Council's commercial tenants have very largely weathered the storm but it has meant that we have had to be even more patient than usual in our debt handling – far more tenants than normal have been paying their rents by agreed instalments, and others in a more haphazard way. Given these circumstances, the sum outstanding after 90 days could have been much worse than it is, but has been kept at a reasonable level through active but pragmatic debt recovery arrangements.

- 9.3 Although, as noted in 6.2 above, some of our tenants do have their leases on the market, most are anxious to keep trading and to honour their rental commitments, even if they are taking longer to do so. Reference to the various outstanding figures in the last column of the Table below will illustrate this – it is really only the sum of £48,608 outstanding on the June 2009 quarter invoices which gives cause for concern, and if the pattern for the previous quarters is repeated this figure – as well as those for the March 2009 and December 2008 quarters – should reach a much more manageable level in due course.

- 9.4 Committee will in any case note that there are no rents now outstanding against the September 2008 invoices and that the amount currently outstanding is only 1.91% of the total invoiced over the year: together with the low number of voids as reported above this is seen, in the current market, to be encouraging.

## **10.0 RECOMMENDED that:**

- 10.1 the Report on Voids and Debts be noted.

## TABLE

**COMMERCIAL DEBT RAISED AND OUTSTANDING  
AS AT 30 SEPTEMBER 2009**

<b>Summary</b>	<b>Items</b>	<b>Amount</b>	<b>Outstanding at 28 days</b>	<b>Outstanding at 90 days</b>	<b>Outstanding as at 30.09.09</b>
		£	£	£	£
Billed September 2008	234	882,901	115,809	36,277	0
% outstanding			13.12%	4.11%	0.00%
Billed December 2008	233	698,608	166,590	54,210	4,882
% outstanding			23.85%	7.76%	0.70%
Billed March 2009	250	888,117	191,303	56,908	8,137
% outstanding			21.54%	6.41%	0.92%
Billed June 2009	229	754,933	142,172	53,439	48,608
% outstanding			18.83%	7.08%	6.44%
<b>Total</b>	946	3,224,559	615,874	200,834	61,627
<b>% outstanding</b>			19.10%	6.23%	1.91%

**DAVID PROSSER  
HEAD OF ESTATES SERVICES  
ECONOMY & DEVELOPMENT DIRECTORATE**

Local Government (Access to Information) Act 1985 (as amended)  
Background papers used in compiling this report:- None

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By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A of the Local Government Act 1972.

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