

RECOMMENDED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the particular item(s) on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs of Part I, 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 the 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 PRIORITIES FOR THE FORTHCOMING YEAR**

Councillor P Wadham (Portfolio Holder for Sustainable Transport and Development) and Councillor Mrs S R Brock (Portfolio Holder for Economy and Tourism) will present a verbal report on the priorities for the forthcoming year in light of the Committee's work programme.

7 **THE CHALLENGES OF DELIVERING THE GROWTH AGENDA**

Karime Hassan, Interim Director of Economy and Development to make a presentation.

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - ECONOMY

8 **ECONOMY UPDATE**

To consider the joint report of the Interim Director Economy and Development and Head of Economy and Tourism – *report circulated* 1 - 4

9 **ECONOMIC DEVELOPMENT SERVICE - UPDATE**

To consider the joint report of the Head of Economy and Tourism and the Interim Director Economy and Development – *report circulated* 5 - 16

10 **EXETER COMMUNITY TRANSPORT ASSOCIATION**

To consider the joint report of the Projects and Business Manager and Interim Director Economy and Development - *report circulated* 17 - 20

PERFORMANCE MONITORING

- 11 **CAPITAL PROGRAMME MONITORING**
- To consider the report of the Interim Director Economy and Development - *report circulated* 21 - 26
- 12 **ECONOMY STEWARDSHIP 2009/10 (FINAL ACCOUNTS)**
- To consider the report of the Head of Treasury Services – *report circulated* 27 - 34
- 13 **ANNUAL RESULTS OF PERFORMANCE MONITORING 2009/10**
- To consider the report of the Interim Director Economy and Development – *report circulated* 35 - 40
- 14 **REVIEW OF BUSINESS**
- To consider the report of the Interim Director of Economy and Development - *report circulated* 41 - 42

DATE OF NEXT MEETING

The next **Scrutiny Committee - Economy** will be held on Thursday 2 September 2010 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, Newcombe, Noble, Payne, Robson, Sheldon, P A Smith, R Smith, Taghdissian, Wardle and Winterbottom

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EXETER CITY COUNCIL SCRUTINY COMMITTEE – ECONOMY

3 JUNE 2010

ECONOMY UPDATE

1.0 PURPOSE OF REPORT

- 1.1 To provide Members with a brief update on the performance of the national and local economy.

2.0 BACKGROUND

- 2.1 In January 2010, this Committee received a report providing an update on the broad effect of the recession nationally and in particular on Exeter. The January update is summarised below.
- 2.2 Nationally, the economy showed continued signs of improved activity, although the economic outlook remained uncertain. Forecasts suggested inflation may rise to above 2% and then decline gradually in 2010. Consumer spending had increased prior to the return of the 17.5% VAT rate, whilst manufacturing outlook largely remained stable.
- 2.3 Average earnings growth had continued to remain weak, whilst claimant forecasts for job seekers allowance (JSA) claimants indicated a rise in numbers during 2010.
- 2.4 Within Exeter, the Chamber of Commerce survey (December 2009) reported mainly positive findings on confidence, sales, profit margins and cash flow.
- 2.5 The number of business insolvencies had seen no real change in Exeter, whilst regionally and nationally they had decreased in numbers between 2008 and 2009.
- 2.6 In terms of Exeter's retail vacancy rate, this remained around 8 percent, lower than national rates.
- 2.7 The percentage of the workforce claiming JSA in Exeter stood at 2.5% (November 2009), having been 2.6% in September. Male and Female unemployment had fallen, although males continued to be more affected, at 3.5% in comparison to 1.5% for females. Long term unemployment of over 6 months had continued to rise, with the younger workforce, aged 18-24 years, more adversely affected, accounting for 33% of all JSA claimants.
- 2.8 House prices in the city had declined by around 10% from 2008 to 2009 whilst repossession had showed a continued downward trend.
- 2.9 Exeter CAB data showed a continued drop in request for debt related support but an increase in welfare benefit enquiries.

3.0 ECONOMY UPDATE

Nationally

3.1 The March 2010 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:

- inflation as measured by the Consumer Price Index (CPI), which excludes house prices, fell from 3.5% to 3.0% in February 2010 whilst Retail Price Inflation was unchanged at 3.7%. However, CPI for March 2010 rose to 3.4%, as a result of rising gas bills, fuel costs and air transport fares. Forecasts suggest a decline in inflation to below 2% at the end of 2010 as economic activity is likely to remain weak throughout the year.
- the economy showed continued signs of improved activity although as the economic outlook continues to remain uncertain, the Bank Rate remains held at 0.5%.
- house prices fell by 1 percent in February according to Nationwide, whilst gross mortgage lending rose 3 percent year on year to £11.5 billion in March according to the Council of Mortgage Lenders. The market continued to show further signs of recovery but some economists argue that overvalued properties persist in some areas against a background of lower income growth.
- manufacturing investment fell further in the last 3 months of 2009 and uncertainty remains on public finances and sustainability of the recovery in key export markets.
- average earnings growth across the economy remained weak, with the average annual increase in earnings including bonuses being 0.9% in January 2010.
- the number of people claiming JSA fell in March to 1.61 million people (4.9% of the workforce). However, the wider International Labour Organisation (ILO) measure, which additionally include jobseekers who are not claiming benefits rose by 43,000 to around 2.502 million (8.0% of the workforce).
- GDP growth figures for Q1 2010 weakened unexpectedly to 0.2 percent, confounding expectations of a continuation of the pace of growth seen in the last three months of 2009 (+0.4%) and underlying the fragile state of the economic recovery. Some analysts suggest that harsh winter weather, the worst in 30 years, depressed output in the retail sector and industry. Nonetheless, industrial output grew by 0.7 percent in Q1 2010, the strongest in four years whilst business services and finance grew by 0.6 percent, its best performance in two years.

Local Business

3.2 The latest Exeter Chamber of Commerce survey of its membership (March 2010) continued to report mainly positive findings. The Chamber survey suggested a continued high proportion of businesses reporting medium to high levels of confidence at 90% (89% in December 2009); whilst 19% reported high levels of confidence (23% in December 2009). In terms of sales, 55% reported they had increased, up from 49% in December.

3.3 However, 28% of businesses surveyed reported profit margins were up, as opposed to 33% in December 2009. Similarly, the percentage of businesses reporting a positive cash flow had also fallen, with just 24% reporting an increase, as opposed to 33% in December. Some 27% of firms confirmed that the numbers of people employed had increased on last quarter, up from 24% in December, continuing the reported rise over the last four Chamber surveys. The percentage of employers

forecasting that they will take on more employees has also increased to 27%, being 23% in December.

- 3.4 There were 3 companies winding up in Exeter in Q4 2009 following courts orders, with no real change since Q4 2008. Regionally, numbers closing rose by 8% whilst nationally, closures declined by -21% over the same period.
- 3.5 In terms of insolvencies brought about by creditor petitioned bankruptcies from suppliers seeking repayment of debt there has been a 21% increase in the rate in Exeter when comparing Q4 2008 (14 petitions) to Q4 2009 (17 petitions). There has also been an increase of 9% regionally but a 12% decrease nationally.
- 3.6 There was a marked decrease in Exeter for debtors' bankruptcy petitions – companies with outstanding debt closing down (36% less in total since Q4 2008), with 105 petitions in Q4 2009. The trend is also downwards regionally and nationally, at -17% and -11% respectively.
- 3.7 In terms of city centre retail property, the vacancy rate was less than 8% in February 2010; nationally the rate is at an average of 12%.

Unemployment

- 3.8 The percentage of the workforce claiming JSA in Exeter for both February and March 2010 was 2.7% (2.8% March 2009), representing 2,224 people. It is above the rate for Devon at 2.4% (10,328), but below that of Plymouth at 4% (6,489), Torbay at 4.8% (3,652), the South West at 3.0% and England and Wales at 4.2%. The numbers of live unfilled vacancies registered with Job Centre Plus have decreased from 1,426 in November 2009 to 856 in March 2010.
- 3.9 Male claimants of JSA decreased gradually in the second half of 2009 but have since increased in the first quarter of 2010. From 1,459 in December 2009, the figure is now 1,621 in March 2010 (a rate of 3.7%). Similarly, female claimant numbers fell in 2009 to 546 in December but have since increased to 603 claimants in March 2010 (a rate of 1.5%).
- 3.10 Whilst it continues to be welcome that employment opportunities continue to improve within Exeter and in the surrounding areas, there continues to be an increase in the number of people unemployed for over 6 months and also for 12 plus months, the majority of which are males.
- 3.11 The number of people who have been claiming JSA for six months or longer has continued rising; around 26.9% for March 2010 (595) compared to 15.5% in March 2009 (360). Similarly, numbers of those who have been claiming for 1-2 years are up from 3.6% a year ago (80) to 9.7% in March 2010 (215).
- 3.12 Job seekers, especially lower skilled and younger claimants, are perhaps more likely to stay on benefits for longer periods in times of high unemployment as more qualified and skilled people will be competing with them for the jobs available. Around 680 individuals aged 18-24 years were claiming JSA in March 2010 (630 in December 2009 but 780 in March 2009), with now almost three quarters being male.
- 3.13 In terms of the impact of unemployment on minority ethnic groups, the latest available data on the numbers seeking work is January 2010, where numbers have risen to 70 people from 65 in December, still significantly higher than the 30 recorded back in August 2008.

Housing Market/Residents

- 3.14 House prices in Exeter have declined slightly more than seen regionally and nationally. The overall average house price for Exeter for Q4 2009 stands at £197,000, a decrease of 1.6% on average prices recorded for Q4 2008 (£200,300). In Q3 2009, the value was £195,700. Prices are still below values seen in 2008 and prices for first time buyers stood at 8.8 times resident median full-time earnings in Q4 2009.
- 3.15 During the course of 2009, around 1,511 properties were sold in the city. This compares with 1,322 transactions during 2008, a rise of 14.3%, (2,463 for the same period in 2007, - 38.6%).
- 3.16 There continues to be positive signs in the housing and rental market with a downward trend for mortgage and landlord repossessions in Exeter in comparison to regional and national averages.
- 3.17 There were a total of 185 mortgage possession orders made by the courts in Exeter between Q1 2009 and Q4 2009, a decrease of - 44% on the same period for 2008. Regionally and nationally, the decrease has been -34% and -35% respectively. In terms of landlord possessions claims leading to orders, there has also been a decline in Exeter over the same time period of - 13%. Regionally and nationally the decline has been -13% and -10% respectively.
- 3.18 Debt and welfare benefit enquiries continue to show a mixed picture. Data for March 2010 from Exeter CAB shows an upward trend in the level of recorded debt related enquires since the start of the year whereas data from November 2009 had shown a decline. However, they are still around 27% lower than in March 2009. Similarly, enquiries relating to welfare benefits have increased and are close to the levels recorded in 2009. There has also been a rise in employment related enquiries as a consequence of rising concern over unemployment and redundancies.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications arising from this report.

5.0 RECOMMENDATION

Members are asked to consider the content of this report.

RICHARD BALL
HEAD OF ECONOMY AND TOURISM

KARIME HASSAN
INTERIM DIRECTOR ECONOMY AND DEVELOPMENT

ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

1. Scrutiny Committee – Economy January 2010 - Economy Update

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY 3 JUNE 2010

ECONOMIC DEVELOPMENT SERVICE – UPDATE

1.0 PURPOSE OF REPORT

- 1.1 To provide Members with an overview of the Economic Development Service's activities during 2009/2010 and set out its priorities for 2010/2011.

2.0 BACKGROUND

- 2.1 Exeter's economy lies at the core of the Exeter and Heart of Devon (EHOD) economic sub-region, an area which sits broadly across Exeter, East Devon, Mid Devon and Teignbridge. Exeter and the sub-region is recognised as a principal economic driver in the region making it an important part of the South West economy.
- 2.2 The Council contributes to the implementation of the EHOD Economic Development Strategy 2008 – 2013 primarily through the activities of the Economy and Tourism Unit, which seeks to sustain and increase the economic well being of the city working in partnership with key stakeholders in a range of roles, in leadership, facilitation, co-ordination, and support.
- 2.3 The priorities of the Strategy focus on promoting and securing the growth of businesses, a better-trained workforce, helping people into work, bringing forward the availability of employment land and lobbying for investment in transportation and the communications infrastructure.
- 2.4 The agreed vision for the sub-region with the city as a major contributor is that: -
- “The Exeter and the Heart of Devon Economic Partnership will promote sustainable economic growth enabling the sub-region to take its place as the third largest focus of high value employment in the Region.”
- 2.6 The Strategy has 3 strategic objectives, which match those of the Regional Economic Strategy, to:
- secure successful and competitive businesses – through higher value jobs and improved turnover and investment
 - build strong and inclusive communities - by improving access to jobs and services through training and other measures
 - become an effective and confident sub-region – through effective partnerships, lobbying and coordinated funding.
- 2.7 This report summarises the strategic context within which the economic development service operates, its activities which are grouped under the priorities of the Strategy and sets out the key actions planned in 2010 – 2011.

3.0 STRATEGIC CONTEXT

- 3.1 Quarters 2 and 3 of negative economic growth in 2008 were harbingers of the UK's longest ever recession, which officially started in September that year. The UK economy emerged from recession in the last quarter of 2009. However, ranges of

contrasting economic statistics paint a picture of a fragile UK economy for some time yet.

- 3.2 Whilst forecasts suggest the UK may see a meagre recovery in 2010, the South West could experience a slow upturn, affected by anticipated cuts in government expenditure. South West RDA forecasts, suggest unemployment will rise over the coming months at least and overall economic output may decline. However, the RDA sees Exeter and its economic area as being relatively resilient and able to recover in response to an upturn in the wider UK and world economy. Economic growth rates for the next ten years are likely to be slower than for the previous decade.
- 3.3 The EHOD sub-region has real opportunities for balanced development based on knowledge intensive industries, building on the city's science base, including the strengths of the University of Exeter, other science-based assets such as the Met Office and the success of the well-established professional and business services sector.
- 3.4 Overall, to secure Exeter and the sub-region's future competitiveness, its strategic priorities lie in maintaining a focus on investment in: infrastructure, business support, research and development, and in the workforce.

4.0 SUMMARY OF ACTIVITIES

- 4.1 The following section summarises the activities delivered or supported by the Service and is set out under each of the agreed strategic objectives and priorities of the Economic Development Strategy 2008-2013.

Strategic Objective 1 – To secure successful and competitive businesses - through higher value jobs and improved turnover and investment

Priority - Provide the right environment for business

Action - Continue to provide support and advisory services to small businesses.

Exeter Business Support

- 4.2 The generation of new business is important to help strengthen and diversify the local economy and assist in replacing those that have ceased trading, to create new or perhaps better employment opportunities and to enable the economy to respond to changing economic circumstances.
- 4.3 In 2008, the City Council established the partnership involved in 'Exeter Business Support'. This partnership has expanded and consists of Peninsula Innovations Limited, responsible for the management of the University's Innovation Centre, Business Link, Exeter College's Business School, and CEU (Community Enterprise Unit) Ltd. It is also endorsed by the Exeter Chamber of Commerce and the Exeter branch of the Federation of Small Businesses.
- 4.4 A joint action plan is being established between the partners to improve separate and combined marketing of activities and events to reflect and coordinate collective support in the city for the start up and growth of small businesses during different stages of their development. The joint activities to which the City Council contributes £42,000 and Peninsula Innovations Ltd, contributes £68,000 have resulted in the following outputs for the financial year 2009 – 2010.

Combined activities of Exeter Business Support 2009/2010

486	pre-start businesses advised
162	Businesses started up
	jobs created – figures incomplete as no data available from Business Link
82	Link
1273	existing business supported
202	Individuals participated in businesses training event
141	Individuals participated in business advice workshops
23	Networking events for business with 925 participants

- 4.5 In terms of helping struggling existing small businesses in Exeter to survive and having consulted with the business community, the Service established an additional initiative in March 2009 to provide a limited number of hours of focused specialist professional advice to deal with financial, marketing, and legal issues affecting their survival. Over 50 local professional companies supported the initiative and agreed to reduce their normal fees for providing specialist advice by 1/3rd as their contribution to helping small businesses in the city, whilst the Council and the participating businesses each fund half of the remaining cost.
- 4.6 Peninsula Innovations Limited have managed the £25,000 funding from the City Council (up to £250 per each small business) to subsidise the scheme. Business Link have managed enquiries for support through their gateway service of business advisors and also agreed to follow up with aftercare to evaluate the efficacy of support given. It was anticipated that up to 100 small businesses would benefit.
- 4.7 However, despite several marketing activities by the City Council and partners in this initiative at business events and direct to local firms, take up has been very limited; six applications from local businesses were received and approved, each requiring specialist marketing advice and guidance. As a consequence of the low take up it is intended to withdraw the availability of this initiative.

Support for social enterprises

- 4.8 In March 2010, Scrutiny received a report setting out Council plans for a 12 month pilot to enhance the support available to social enterprises in Exeter. The Council has contracted with CEU Ltd., to co-ordinate the delivery of the pilot, which complements the support available through Exeter Business Support.
- 4.9 As of 7 May, the following progress has been made:
- press coverage and email marketing to local networks to raise awareness
 - 17 enquiries handled – 13 from community groups and individuals and 4 from the public sector seeking to develop/explore the starting up of a social enterprise in the city.

Local purchasing and supply

- 4.10 The Service worked with Exeter Federation of Small Business, Exeter Chamber of Commerce and the following public sector partners to help local firms to be aware of and win small public sector supply contracts:

- Devon and Cornwall Police
- Devon County Council
- Exeter City Council
- Exeter College
- Exeter Primary Care Trust
- Royal Devon & Exeter NHS Foundation Trust
- The Met Office
- University of Exeter

- 4.11 A website has been established (www.exeterbuysellprosper.co.uk) to enable local small businesses to raise awareness of their products and services and to provide a sourcing directory for purchasing officers in these organisations seeking to place orders worth less than £25,000. To date, 415 businesses have registered. In addition, the public sector partners have contributed a small amount of funding to help develop the functionality of the website. It is too early to determine whether this initiative has made a difference.

Youth Enterprise Support Service (YESS)

- 4.12 Officers have supported Exeter College's successful bid for external funding to deliver a 15 month project across the sub-region to encourage young people, up to the age of 18 years, to take forward business enterprise activities. The official launch will be on 21st May 2010 and progress will be reported to this Committee. The College has appointed staff to co-ordinate activity and a summary of objectives are set out below:

- provide an accessible, professional and safe business centre in Exeter for young people interested in pursuing business activities
- develop tangible links with all schools in the EHOD area, providing a Board room setting to develop cross-community opportunities
- create a network of experienced business mentors for young people
- promote business enterprise through competitions, seminars and workshops
- raise additional funds to provide non-refundable grants of between £10 to £250 paid on application through a business plan and interview
- provide and signpost young people towards information and guidance on sources of business/enterprise advice
- support over 500 young people and secure at least 20 new businesses to start – up.

Action - Continue to provide an appropriate monitoring and 'aftercare' relationship with indigenous and investing organisations to help secure their long-term future in the region.

Supporting investment enquiries

- 4.13 The Service continues to handle inward and local investment enquiries about sites and premises and supports businesses through the provision of information and statistics about the local economy. High profile and/or substantial employment generating organisations for Exeter can receive tailored help and support including the provision of bespoke information and assistance with site visits. More routine enquiries are handled by the provision of information on the City council's website business pages and are followed up where appropriate.
- 4.14 Overall figures for 2009, during the height of the recession, show there were 776 investment enquires for EHOD, down from 1,068 in 2008. In the period up to March 2010, a further 248 enquiries were received.

- 4.15 In 2009, 55 companies used this service to relocate and / or expand in EHOD, 51 of which were in Exeter. Many of these enquiries originate from 2004 onwards and demonstrate the length of time a business is connected with the Service before being in a position to move or expand. These companies reported over 730 jobs being created and/or safeguarded in the local economy and include, Toys 'R' Us, Jurys Inn and a new HQ for the 'National Coastwatch' charity.
- 4.16 Around 73% of enquiries in 2009/10 came via the internet, down from nearly 90% in 2008/9. This is principally because more enquiries were received through the UK Trade and Investment (UKTI) network, a government organisation that helps national companies trade internationally and assists overseas firms to invest in the UK. Statistics on enquiries for 2009/2010 are set out below, with data for 2008/2009 in brackets.
- 58% originate from within EHOD (58%), including 35% from Exeter (37%)
 - 7% from the rest of Devon (8%)
 - 21% nationally and 13% internationally (29% and less than 4% respectively)
 - 70% existing employers seeking relocation or additional premises for expansion (65%)
 - 30% wanting to start-up (35%)
- 4.17 The breakdown of enquiries can be summarised as follows: -
- 42% light industrial units, warehouse and distribution sectors (44%)
 - 33% office sector (32%)
 - 11% retail (12%)
 - 12% hotels and leisure and restaurants (10%)
 - 2% investment opportunity/other (2%)
- 4.18 In the early part of 2010, the EHOD Commercial Property Register was upgraded to provide a better customer search facility of the 900 plus properties and development sites in the sub-region, enabling users to locate property search results on a map. The Property Register is embedded within the City Council's website on its business pages which are updated and maintained by the Service.

Promotion & Marketing

- 4.19 There is increasing pressure to significantly reduce the cost of government and make on-going efficiency savings, which may include the potential for relocations of some London based departments, agencies and their civil servants.
- 4.20 As part of on-going activity and in the following ways, Officers have promoted awareness of the city and the sub-region as a place for investment and relocation and sought to maintain a national profile with potential public sector employers, which might see Exeter benefit from a re-location:
- placing advertisements and editorial in public sector magazines and websites
 - profiling the city on inward investment sites – www.locations4business.com/uk/south-west-england/devon/exeter-city-council/
 - working with the Office of Government Commerce to review the best approaches to attracting public sector employers to Exeter
 - email marketing campaign between May and November 2010 directed at 35,000 contacts within key public sector governmental departments and agencies.

Supporting Retail

4.21 In June 2009, as one of several responses to the recession, Executive approved an additional £20,000 for Christmas marketing activities. The budget was divided equally between the two following projects, to:

- support the traditional Christmas lights event, which was organised in association with Heart radio, attracting positive media coverage and attendance of around 10,000 people
- boost the annual Christmas marketing campaign for Exeter as a shopping destination, as more difficult economic conditions resulted in a major shortfall in contributions from retailers and others with interests in the city centre. Activities included the production of a comprehensive brochure, web pages, pod casts, and advertisements on bus stops, buses and in a series of publications.

4.22 In addition to this marketing activity and to support the overall retail ambience in the retail heart of the city centre, Executive also approved £10,000 for the installation of display material in vacant units. There has been extensive use of City Council funded displays in City Council units. Take-up by private landlords of the display units was lower than preferred and will continued to be explored.

4.23 The City Centre Manager and City Council continue to work closely with landlords and agents on attracting new businesses in to the City Centre; successes include the recent openings of the Sony Centre (High Street), Rant & Rage (Castle Street), Mountain Warehouse (High Street – former HSBC) and Greggs (High Street and Sidwell Street). Further store opening announcements are expected over the coming quarter, although some additional store closures are considered likely.

4.24 Retail unit vacancies nationally are running at approximately 12%. Within Exeter, the number of vacant retail units has remained relatively static during the last twelve months, with the last survey undertaken in February 2010. This identified 49 vacant units (a percentage vacancy rate of 7.84%); a rate that has remained static since March 2009 through to Q1 2010, apart from temporary decrease to 43 vacant units in November 2009.

Priority - Provide the right workforce for business

Action - Establish the Exeter and Heart of Devon Employment and Skills Board as a driver to ensure matching between employers' needs, target sectors' needs and skills training offered.

Employment and Skills Board

4.25 The Service plays an active role in the private sector led Exeter and Heart of Devon Employment and Skills Board (ESB) and also the training provider based EHOD Workforce Development Group. The ESB aims to identify the sub-region's needs for the development of skills in the workforce and to encourage and influence provision to meet the demand for training from employers and the need to equip a skilled local workforce.

4.26 During the last 12 months a range of activities have been progressed through

partnership activity and successful bids have been made for external funding together with the ESB and Devon and Cornwall Business Council, including:

- a project coordinator has been appointed on a 23 month contract to support the activities and projects of the ESB and Workforce Development Group ensuring agreed projects and actions are tasked, monitored, and finished
- an assessment of the Exeter and East Devon New Growth Point projects to evaluate and forecast employment opportunities and related skills and training issues throughout the duration of the construction phases and when businesses start to establish themselves on the developments. This will be used to inform the activities of the ESB and also assist local training providers to meet forecast demand for training and equip the local workforce to compete for jobs.

4.27 The ESB has chosen to focus on working with providers to take forward the following initiatives; progress on them will be reported as they arise; to:

- help people to be “work ready” prior to entering employment for the first time
- assist the recently unemployed to return to work
- upskill those already in work and enhancing the leadership and management abilities of local owner managers.

Priority - Create a culture of Enterprise and Innovation

Action - Work with the Exeter Science Park Steering Group to establish an appropriate management vehicle for the Science Park, secure planning permission and start development on site

Exeter Science Park

4.28 The setting up of the “Science Park Company” has been delayed due to the complexities of complying with state aid legislation. On 10 May 2010 the company was formed comprising directors from each of the partners including the City Council, East Devon District Council, Devon County Council, the University and the Met Office. The purpose of the company is to provide a vehicle to progress the development of the science park and attract further significant investment leading to the delivery of future phases and the objective of providing knowledge based employment for more than 3,000 people.

4.29 Outline planning permission has been secured and a detailed planning application for the infrastructure has been submitted. In addition to the Project Officer, employed to co-ordinate development of the Science Park, a Business Development Manager has been recruited to develop a marketing strategy to start to raise interest from potential occupiers and major investors.

Action - Ensure incubation units and enterprise centres are placed at strategic points in the sub-region, supported by business advisors and mentors

Innovation Centre Activity

4.30 The Head of Economy and Tourism sits on the Innovation Centre Strategy Board, which governs the direction of business development and support activities arising from the Innovation Centre. As one of the partners in Exeter Business Support the following outputs have been secured in 2009/2010 (these are also included in section 4.4):

- helped to start up 5 businesses, creating 27 additional jobs
- assisted 21 pre-start businesses and 23 existing businesses
- ran 23 business events attracting 925 delegates.

Smart Solutions

4.31 The Service supported the University in securing £554,000 from the Higher Education Funding Council for England (HEFCE) to create the Smart Solutions project providing specialist support for businesses and assisting graduates to increase their employability during the economic downturn. Further funding from HEFCE is anticipated for the project operating across the South West. The following outputs of the project, which runs until September 2010, have been reported (as of April 2010):

- 20 business events to raise awareness of access to leadership and management and academic world leading expertise
- 33 businesses within the South West (19 in Exeter) have benefited from free or half-price graduate internships of 8 weeks duration to work on specific projects
- 10 businesses have benefited from access to academic expertise to help progress a significant innovative development project, via funding through an Innovation Award (2 Exeter businesses were supported)
- 100 businesses have benefited from scholarships to develop leadership and management skills including ten £5,000 awards for an MBA course
- 500 graduates and students have benefited from mentoring and the development of employability skills.

Strategic Objective 2 - To build strong and inclusive communities - by improving access to jobs and services through training and other measures

Priority - Improve participation in the economy

Action - Continue to work with the EHOD Workforce Development Group to develop targeted programmes raising the skills levels of those in deprived areas, especially groups on incapacity benefit and the learning disabled using pilot schemes to assist them and other disadvantaged groups into work.

Workforce Development Group

4.32 The EHOD Workforce Development Group mainly consists of training providers and some public sector partners. Since June 2009, the Group has:

- supported a bid which secured around £400,000 of funding to establish an 'EARTH' training hub at Bicton College to train the local workforce and businesses in skills related to 'environmental and renewable technologies'
- included actively supporting Devon wide Future Jobs Fund bids to secure finance to help long term unemployed young people, aged 18 – 24, back into work through employment with local firms. To date around 150 temporary jobs have been created with around 60 in Exeter and the Heart of Devon, over 50 of which are in Exeter.

Action - Develop targeted actions to tackle deprivation in the most deprived areas within the sub-region, defined by the 'super output areas.'

Exeter Positive Steps

- 4.33 The Service continues to work with providers and public and voluntary sector agencies to focus attention on some of the most deprived areas in the city with a view to helping people on the road into employment. As reported in March to Scrutiny Committee, the Service has established a revised approach through the Exeter Positive Steps Fund to secure improved collaboration between active groups in the city. The City Council has committed over £62,000 over 2 years with matched funding from a local charitable organisation aimed at helping 300 people per annum who are affected by multiple deprivation and are a long way from being job ready.
- 4.34 A meeting of relevant groups with Devon Community Foundation was held on 21st April at Exeter YMCA to explore collaborative projects to reach out to the deprived communities mentioned in the previous Committee Report. Projects have yet to be shaped, but the following actions have been agreed:
- led by Exeter YMCA, establish further job clubs to support people into work in some of the communities to build upon on the success of their St. David's Job Club, co-funded by Positive Steps, through which they have already helped over 70 people within Exeter, 15 of which have found employment
 - identify the development needs of the people in the target deprived communities and shape collaborative projects, aiming to develop: confidence, personal and working related skills and if appropriate, support them into the job clubs and assist with finding and sustaining employment
 - identify where possible further funding sources to secure additional finance to enhance the Exeter Positive Steps Fund.

Debt, Benefit and Repossession Advice

- 4.35 Another Council response to the recession agreed by Executive in June 2009, led to the City Council working with Exeter Citizens Advice Bureau (CAB) to deliver a 12 month initiative, known as the 'Trinity Project' which runs until August 2010. The project provides debt management advice and support to those facing mortgage or landlord repossession orders and has provided:
- a full-time Exeter CAB presence in a dedicated branded room in the City Council's Customer First Service Centre
 - a part-time presence across 4 days a week in a dedicated room at the County Courts in the City, working with court officials and clients to reach negotiated solutions in mortgage and rented accommodation repossession cases
 - support for over 350 people (as of February 2010), of which, 64% related to debt problems, 30% to housing repossessions and 6% to welfare benefits and tax credits issues
- 4.36 The Courts appear to be relying on the availability of the service and staff are scheduling hearings in the morning wherever possible to ensure that respondents to repossession proceedings have advice and representation from this project. Exeter CAB is actively looking for funding to secure an extension of this aspect of the service up to the end of the current financial year 2010/2011.

Priority – Promote and enhance what is best about the sub-region
Action - Improve the way the EHOD is perceived by investors, businesses, potential workers.

City of Science

- 4.37 Progress has been made towards presenting Exeter as a 'City of Science' to reinforce the recognition of the city as a successful location for knowledge based businesses and organisations. The initiative also aims to promote higher levels of interest in students to pursue science subjects in schools and the college.
- 4.38 The following is being progressed by partners which include the University, Peninsula College of Medicine and Dentistry, the Innovation Centre, the Met Office and the Royal Devon and Exeter Hospital Trust, St Lukes Science & Sports College and the Devon Education Business Partnership:
- a website which will be launched in September 2010 to provide information and stimulate interest from science based businesses and science based educational establishments
 - a short promotional film on Exeter as a City of Science produced by St Luke's
 - a Science Fair 2011 – coordinated by 'STEMnet' and local schools
 - a Science Week 2011 - (March) providing activities in the city and open to all
 - promotion of a number of local Science Champions who will project the scientific strengths of the partners and other organisations in the city.

New Exeter Marketing Partnership Group

- 4.39 This new group, chaired by the private sector has been established by Officers; its activities will include:
- promoting a coordinated positive image and perception of the City's wider economy and investment prospects
 - minimising negative perceptions or mixed messages that may dilute the important strengths of the economy
 - establishing a communication group to coordinate and promote positive news
 - developing an investment centred website to funnel enquiries and complement the work of the Service's investment enquiry handling activities.

Priority - Improve leadership, influence and partnership

Action - Ensure planning policies in Local Development Frameworks reflect vision and goals of the economic development strategy.

Employment Land

- 4.40 The availability of sufficient and suitable strategic employment land is crucial to economic development in the city and the sub region. The Service has been working with partner local authorities to identify key employment sites and associated infrastructure for their development. A total of about 48 hectares have been proposed in Exeter now included in the emerging Core Strategy of which about 8 hectares have consent and a further 12 hectares was recently approved at Matford. A number of these sites will be challenging to bring forward. The intention is to use these sites as the basis for a collective sub-regional discussion with the Housing and Communities Agency and to lobby for investment and support for their development.

5.0 Economic Development Activities 2010 – 2011

5.1 The current and planned activities of the Service are consistent with the views of the Work Foundation which has been regularly reviewing the role of medium sized cities in supporting economic recovery during the recession. The organisation highlight's four factors which are particularly important:

- strong partnership across sectoral boundaries with public, private and third sector organisations, working to build upon the city's distinctive assets – its university, industrial composition and quality of place – and of that city's place in the wider geography
- working across administrative boundaries to secure investment in economic development and regeneration – cities have to decide how best they can work together with their surrounding sub-region in order to maximise competitiveness
- investing in workforce skills – skills were a key determinant of city success before and during the recession, and will be even more important for recovery. The Work Foundation emphasises increasing the supply of workforce skills and stimulating demand for higher level skills amongst local employees.
- making sure the strategy responds to changes in the economy – it is important to attract and grow private sector knowledge-intensive services, firms, job and individuals, as well as developing retail, leisure and tourism sectors to provide better quality employment opportunities for those with lower skills, and those entering or returning to the labour market.

5.2 The Service's key priorities for the year are summarised as follows:

- Continue to progress the development of Exeter Science Park to encourage the development and growth of science, technology, and research based sectors in the local economy, in particular establish the Science Park Company and undertake initial marketing of the site to potential occupiers and to attract prospective joint venture partners for significant investment in phase 2.
- Undertake a marketing campaign aiming to attract government agencies seeking to relocate prompted by the Government's Smith report.
- Through the Exeter Business Support initiative, secure the starting up of 50 small businesses in the city.
- Through a new Exeter Marketing Partnership establish a public private partnership to promote a positive and progressive image of the city's economy including the New Growth Point projects and encourage inward investment.
- Help local small businesses to secure public sector contracts by working with partners to improve the functionality and awareness of the 'Buy, Sell, Prosper' website.
- Launch the 12 month pilot to boost the start up rate and growth of social enterprises in Exeter, aiming to secure a minimum of 10 new enterprises
- Work with the Employment and Skills Board to promote investment in relevant training provision for employers and identify skills issues relating to potential job opportunities arising from the Exeter and East Devon New Growth Point projects.

- Assist a minimum of 300 people from the most deprived neighbourhoods in the city to take up training and/or employment by continuing the successful activities of the Exeter Positive Steps Fund.
- Work with the business community to prepare a business plan and gain support for the establishment of a Business Improvement District for the city centre seeking to further improve the attractiveness of the city centre to visitors and investment.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The Economic Development Service consists of 4 full-time officers, with the equivalent of an additional 1.5 FTE support given by the Head of Service and marketing staff.
- 6.2 The direct operating costs of the service to the City Council including employees, premises and support services and budgets for initiatives in 2010/11 are summarised below.

Revenue (2010/11 budget)	
Economy & Tourism Admin including (staffing, operational - £29,660 and support costs - £220,000)	£536,490
City Marketing	£43,630
Exeter Positive Steps Fund	£31,250
Exeter Business Support (EBS) for Small Business	£42,000
Total	£653,370

7.0 RECOMMENDATION that

- 7.1 Members note the report and the economic development activities for 2010 – 2011.

RICHARD BALL
HEAD OF ECONOMY AND TOURISM

KARIME HASSAN
INTERIM DIRECTOR ECONOMY AND DEVELOPMENT

ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

1. Exeter and Heart of Devon Economic Development Strategy 2008 – 2013
2. 'Economic Development Update', Scrutiny Committee – Economy, 11 June 2009

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
3 JUNE 2010

EXETER COMMUNITY TRANSPORT ASSOCIATION

1 PURPOSE OF REPORT

1.1 This report is to inform Members of the overrun experienced by Exeter Community Transport Association (ECTA) in respect of the budget for the Taxicard scheme for 2009/10, and of the measures proposed to address the issue for 2010/11. It is also proposed to bring ECTA's funding within the Council's grant allocation process so that with effect from 2011, funding can be agreed in principle for three year periods if the Grants Committee considers this is appropriate.

2 BACKGROUND

2.1 ECTA provides a number of transport services for people with disabilities in Exeter, namely:-

- Shopmobility – provision of wheelchairs and scooters for use by disabled residents and visitors;
- City Sights – volunteers to guide blind and partially sighted residents and visitors in the city centre;
- Ring and Ride – a wheelchair-accessible minibus service;
- Exe Access – a wheelchair-accessible taxi service;
- Taxicard – entitles severely disabled people to a refund of half their taxi fares, up to an annual limit.

2.2 These services receive various funding from Exeter City Council and Devon County Council. The following figures are for 2010/11.

	ECC £	DCC £
Shopmobility		8,654
City Sights		
Ring and Ride	13,140	15,661
Exe Access		
Taxicard	4,100	4,100

In the case of the City Council, the contributions to Ring and Ride and Taxicard have been paid from the Economy and Development Directorate's transportation budget and have remained at the same level since 2008/9. Additionally, in 2007/8 and 2008/9 ECTA received a contribution of £11,650 (in total) for Shopmobility from the transportation budget.

An application by ECTA for £12,000 towards Shopmobility was rejected by the Grants Committee on 25 February because no money was available, and it had been made clear that the previous contribution was on a one-off basis.

3 CURRENT PROBLEMS WITH TAXICARD

3.1 In March 2010, ECTA became aware that the budget for Taxicard would be exceeded by some £2,000 (the shortfall being met by ECTA from its own resources). Officers from both Councils have since been working with ECTA to develop plans to keep the service within budget for 2010/11. The following measures are proposed:-

- Currently, ECTA require all claims by card holders to be submitted by the end of a financial year. That is how ECTA only became aware of the overspend in March. In future, card holders will be advised that claims have to be submitted monthly, so that the budget can be monitored and managed.
- It is proposed to limit claims to £75 per person annually instead of the current limit of £125.

3.2 The proposed reduction in the annual limit has been considered and compared with the following ways of reducing outgoings:-

- Closing the scheme to new applicants. This is considered less fair, in that a new applicant may have greater need than some existing card holders.
- Restricting reimbursement to specific journey purposes. This is considered unsatisfactory due to the difficulty in deciding that one purpose is more important than another. It would result in ECTA having to spend time making and justifying such decisions on a regular basis. From the point of view of users it would mean that the severely disabled people who use Taxicard would have their movements scrutinised in a way that able bodied people who use public transport, for example, are not subjected to.
- Tightening the eligibility criteria. This would better be done as part of an overall assessment of the transport services available to people with disabilities, rather than as a reaction to a funding shortfall.

3.3 ECTA have provided details of their users grouped according to size of claim for 2009/10, as follows:-

Amount of claim in £	Number of claimants
0.01 to 20.00	7
20.01 to 40.00	6
40.01 to 60.00	13
60.01 to 80.00	7
80.01 to 100.00	9
100.01 to 120.00	10
120.01 to 125.00	35
Total	87

Thus a significant minority of claimants (around 30) would be unaffected by the reduced limit, whereas the others would be affected to varying degrees.

3.4 A full equalities impact assessment has been carried out in view of the impact that this change will inevitably have on people with disabilities. The assessment is available on the Council's website. It concludes that there will inevitably be such an impact, however ECTA choose to balance their books, but that the proposal to reduce the limit spreads that impact more evenly among the people affected than would be the case

with other solutions. The situation will be reviewed in October 2010 and Taxicard users are being given the opportunity to comment prior to that.

4 EXETER CITY COUNCIL FUNDING ARRANGEMENTS

- 4.1 Devon County Council has suggested that ECTA's funding should be governed by a three year agreement, setting out ECTA's responsibilities in return for grant funding. Whereas the City Council approves funds in principle for some organisations in the form of core grants, ECTA is currently funded from the transportation budget which is agreed from year to year. There is merit in including ECTA in the core grants process from 2011, with the corresponding money being taken out of the transportation budget.
- 4.2 Given the progress that is being made towards the setting up of a new unitary council for Exeter, which would be responsible for agreeing various grants, it is not recommended that the Council make a three year commitment to ECTA at this stage. It is however recommended that ECTA be included in the core grants process from 2011, with the corresponding money being transferred from the transportation budget. This will be included in a report to the Grants Committee later in the year.
- 5 RECOMMENDED** that Members note the report, in particular the steps proposed by ECTA to deal with the budget shortfall for Taxicard, and the proposal to include ECTA in the core grants process from 2011.

ROSS HUSSEY
PROJECTS AND BUSINESS MANAGER

KARIME HASSAN
INTERIM DIRECTOR ECONOMY AND DEVELOPMENT

ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government Act 1972 (as amended)
Background papers used in compiling this report:-
ECTA's usage statistics and claims information
Equalities impact assessment

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**EXETER CITY COUNCIL
SCRUTINY COMMITTEE – ECONOMY**

3 JUNE 2010

CAPITAL PROGRAMME MONITORING

1. PURPOSE OF REPORT

- 1.1. This report advises Members of the final 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 the 2009/10 financial year, with Appendix 1 containing a complete list of capital projects for the Directorate.
- 2.2 The right hand column in the Appendix provides comments in relation to the various schemes.
- 2.3 In relation to the Science Park, a company has now been formed to progress the development of the Park along with the partners in the project. It is likely that the balance of the funding shown in the budget will be transferred into a jointly controlled holding account pending the partners' investment, totalling some £3m, being needed to support Phase 1 of the development.
- 2.4 The entry in relation to King William Street car park refurbishment also includes public realm improvements to the Sidwell Street frontage and to pedestrian routes in the vicinity. Detailed design work is being carried out by the Council's Engineering Service, to enable costs to be estimated more accurately.

3 RECOMMENDATION

- 3.1 That Members note the contents of this report, and indicate whether they wish to receive further information on any particular issues.

**KARIME HASSAN
INTERIM DIRECTOR ECONOMY AND DEVELOPMENT**

ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government Act 1972 (as amended)

Background papers used in compiling this report:-

None.

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ECONOMY CAPITAL PROGRAMME 2009/10

1	2	3	4	5	6	7	8	9	10	11
Project	Code	Lead officer	Budget 09/10 £	09/10 Spend (includes internal capitalised staff costs) £	Budget 10/11 £	Beyond £	Value of estimated Deferred Expenditure into 10/11 £	Total project variance (underspend)/o verspend £	Revised 10/11 Budget	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 & continued activity on water)</i>	Z1139	DP	1,110,770	873,046	612,130	680,530	237,720	(4)	849,850	The new road/ car park/ boat storage area has been constructed and will shortly be in use. Discussions with SWW to deliver the final link in the fibre optic route are well advanced. Discussions with the prospective developer of the Old Electricity Building are ongoing and similar discussions with Sutton Harbour for the grant of the development agreement for the site adjoining Maclaines Warehouse are also progressing well.
Broadwalk House Car Park Refurbishment	Z1138	RDC	110,540	103,073			0	(7,467)	0	Scheme completed, well under budget as Land Securities agreed responsibility for asbestos removal.
CCTV provision at Haven Road Car Park & Boat Storage Area	Z1157	RDC (Steve Carnell)	60,000	25,373			0	(34,627)	0	Scheme completed, well under budget as cabling link shorter than originally anticipated.
City Centre Enhancements	Z1116	JR (Chris Westlake)	160,110	3,000	269,050	600,000	157,110		426,160	Wyvern replica reinstalled at North Gate on Iron Bridge, with contribution from Civic Society. Works to refurbish Holloway St mural commencing in early May. St Peter statue replica (to be installed on Athena) to progress in autumn when RAMM can make available for scanning. Proposals for Gandy Street progressing - estimated spend £100K. DCC to tie in works to Northernhay Gate scheme/contractor. Market St/Fore St junction: project meeting held February 2010 to discuss improvements between DCC and ECC officers:agreed that the narrowing of the carriageway/extension of footways would not affect existing vehicle flows. However DCC have concerns about pedestrian sett crossings. Northernhay Gate: implementation put back to February 2011 because of delayed RAMM programme: order of materials in Autumn 2010: project mostly s106 money but £30k agreed from Cap Prog to make up project budget.
Conservation Area Enhancements	Z1183	RPS (Kathy Metcalfe)	10,460	5,000			5,460		5,460	Three grants were paid, in three separate Conservation Areas. Sum carried forward will finance further grants in 2010/11.
Corn Exchange Improvements	Z1131	DP	164,340	34,298			130,040	(2)	130,040	Improvements have been carried out in 2009/10 to the office entrance and to provide automatic front doors to the venue. The work to improve toilet provision will commence in July 2010 following the recent award of the contract. The residual monies will be used to carry out further prioritised works.

ECONOMY CAPITAL PROGRAMME 2009/10

1	2	3	4	5	6	7	8	9	10	11
Project	Code	Lead officer	Budget 09/10 £	09/10 Spend (includes internal capitalised staff costs) £	Budget 10/11 £	Beyond £	Value of estimated Deferred Expenditure into 10/11 £	Total project variance (underspend)/o verspend £	Revised 10/11 Budget	Project Progress Update (and contingencies employed/actions taken since last report, if project slippage/anticipated deferment/cost variance)
Custom House	Z1121	DP (Mike Carson)	7,640	7,056			0	(584)	0	The scheme of refurbishment has now been completed.
Exe Estuary NCN	Z1107	DH	212,440	216,659			0	4,219	0	Work continues for DCC and we have 4 schemes either on site, ready or in for Planning. DCC will be invoiced for the full costs.
Fore St, Heavitree - Environmental Enhancement	Z1105	RPS (Paul Osborne)	7,250	4,671			1,000	(1,579)	1,000	Scheme complete. Need for minor expenditure to fund cleaning and treatment of rust to arch
Floodlighting	Z1156	RPS (Andy Pye)	1,340	222			1,120	2	1,120	Bulk of budget frozen shortly after PMWG had agreed priorities for future work. The £1118 represents residue of budget that was not frozen, and should be carried over in order to deal with any issues arising from installed schemes.
Ibstock Environmental Improvements	Z1407	DP	4,450	1,215			3,240	5	3,240	Further consultancy work has been carried out regarding the contamination of the site and it is expected that the balance of the budget will be expended in 2010/11 as we work towards the adoption of this area of open space.
18 North Street Panelling	Z1106	RPS (Andy Pye)	22,690	19,973			2,720	3	2,720	Panelling has been reinstalled; some publicity and interpretation material remains to be completed. Need to carry over any unspent budget into 2010/11 to cover this.
Planting Improvements in Riverside Valley Park	Z1408	RPS	14,250	0			14,250		14,250	Initial discussions with EA progressing.
Quay House Visitor Centre Improvements	Z1135	RB	57,160	16,346			40,810	(4)	40,810	Final works to be completed in May 2010. Work to complete refurbishment slightly delayed by need for key permissions and complications in view of age of building.
Riverside Valley Park Security Measures	Z1254	DH	3,250	0			3,250		3,250	No expenditure last year but have a small amount of work to do this year.
Science Park	Z1150	RB	95,760	26,970	749,910		68,790		818,700	The Science Park Company has been formed into the vehicle which will now progress the development of the Park along with the partners in the project. It is likely that the balance of the funding showing in the budget will be transferred into a jointly controlled holding account pending the partners investment, totalling some £3m, being needed to support Phase 1 of the development.

ECONOMY CAPITAL PROGRAMME 2009/10

1	2	3	4	5	6	7	8	9	10	11
Project	Code	Lead officer	Budget 09/10 £	09/10 Spend (includes internal capitalised staff costs) £	Budget 10/11 £	Beyond £	Value of estimated Deferred Expenditure into 10/11 £	Total project variance (underspend)/o verspend £	Revised 10/11 Budget	Project Progress Update (and contingencies employed/actions taken since last report, if project slippage/anticipated deferment/cost variance)
Signage	Z1117	RPS (Paul Osborne)	54,390	41,614			12,780	4	12,780	Scheme complete. Potential additional sign at Paris St/High St junction requested by TIC.
Walking Strategy	Z1133	DH	14,890	11,318			3,570	(2)	3,570	Small scheme this year for the Exwick Loop (Hamlyn's Lane)
King William St Car Park Refurbishment	Z1201	DH	10,580	10,574	423,000		10	4	423,010	Includes public realm improvements in Sidwell Street. Engineering Services progressing detailed design works to enable firmer cost estimate.
Cathedral Yard Enhancement	Z1205	RPS (Chris Westlake)	10	14				4	0	
Skypark CHP Plant Contribution	Z1239	KH			100,000				100,000	Budget agreed by Executive in March 2010.
Central Station Gateway Enhancement	Z1108	RPS (Chris Westlake)			100,000	100,000			100,000	Awaiting response from Network Rail concerning station forecourt improvements.
Well Oak Footpath	Z1193	RPS (Paul Osborne)			80,000				80,000	Awaiting start on site of adjacent Housing Association development.
Total			2,122,320	1,400,422	2,334,090	1,380,530	681,870	(40,028)	3,015,960	

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EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
3 JUNE 2010

ECONOMY SCRUTINY REVENUE FINAL ACCOUNTS 2009-10

1. PURPOSE OF REPORT

This report advises Members of the overall financial performance of the Economy and Development Directorate for the 2009-10 financial year ended 31 March 2010.

2. INFORMATION

2.1 During the course of the financial year ending 31 March 2010, regular reports were made to this committee on the estimated revenue outturn.

2.2 As in previous years a technical adjustment to the accounts for pension contributions (FRS17) has been made in line with required accounting practice. This amendment is reversed out to show the actual cost to the Council and therefore has no impact on the Council Tax. The treatment is similar to the way we account for capital charges, and the impact is shown for each management unit in the appendix to this report. The final figure for FRS 17 is higher than budgeted resulting in an overspend against the budget.

2.3.1 A further technical adjustment has been made in respect of deferred charges and deferred contributions. In respect of deferred charges, the government allows councils to treat some revenue expenditure as capital expenditure e.g. grants to Housing Associations, grants to improve or develop assets owned by others (science park contributions and enhancements to the city centre). This expenditure must be shown in the revenue accounts for the year but it is financed by the use of capital receipts or borrowing and therefore these charges are removed from the net cost of services to ensure that they do not impact on the Council Tax requirement. These figures are currently anticipated to be in line with the budget.

2.3.2 Deferred contributions are government grants and external contributions received in respect of fixed assets. In order that this adjustment does not impact on the level of Council Tax it is required that the value of deferred contributions released to revenue accounts are reversed out when accounting for total service cost.

2.4 As part of the transition to International Financial Reporting Standards (IFRS), it has been necessary to review the Council's depreciation policy for vehicles, in order to ensure that their estimated useful life and depreciation method provides a realistic reflection of their usage. This has resulted in an amended policy, which has had a significant impact during this year as depreciation is greater in the early years of a vehicle's useful life. As this is the first year of the policy, the cumulative depreciation from previous years has had to be charged, resulting in greatly increased depreciation costs in some services in 2009/10.

2.5 The final actual outturn has now been calculated, apart from some deferred charges (see para 2.3.1 above) and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets. The total variation for the year shows a surplus of £448,516 against the budget, with a final surplus of £389,927 after accounting for transfers to earmarked reserves.

2.6 The main variations by management unit are detailed below:

£

2009-2010 REVISED BUDGET**1,247,700****83A1 PROPERTY & ESTATES SERVICES****(266,685)**

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.

A saving has been made on the software maintenance budget within the management unit.

A surplus has been made on the Land Charges budget due to savings on salaries within the service and a small amount of additional income.

Savings have been made on various support service recharge budgets; with large savings on Legal Services and IT Service recharge. In addition, the recharge in respect of the Asset Improvement and Maintenance Programme (AIM) is less than the budget.

There has been a revenue contribution to capital in respect of restrictive covenants.

83A2 TRANSPORT/CONCESSIONARY FARES**33,217**

The annual contribution to Travelsmart has been included; the contribution will be funded from the earmarked reserve.

The travel concessions budget has overspent; this has been partially offset by savings on the support service budgets recharged to the management unit.

There will be a small saving on the Green Travel Plan budget.

83A3 CAR PARKING**15,067**

Income from off street car park fees is below the budgeted income figure for the year.

The shortfall on fee income has been more than offset as a result of a claim submitted to HMRC of £259,616 for overpaid output VAT on car park excess charges. The claim was entered as a result of the decision in the Fleming and Conde Nast High Court decision to allow businesses to submit a claim for overpaid output VAT covering the period to 1973.

The rental income from car park investment properties is less than budgeted. The recharge in respect of the Asset Improvement and Maintenance Programme (AIM) is less than the budget.

The budget in respect of National Non Domestic rates has be

exceeded; expenditure incurred in respect of reactive repairs to car parks has resulted in an overspend.

Costs in relation to the printing of car parking tickets have exceeded the budget. This overspend has been partly offset by a saving on employment costs due to vacancies.

83A4 ECONOMIC DEVELOPMENT 87,528

Additional expenditure has been incurred in respect of Christmas Marketing in the city, the Trinity Project and various other projects as agreed in the Response to the Recession report approved by Scrutiny Economy Committee in June 2009. This additional expenditure of £83,508 will be funded from an earmarked reserve as per the approved report.

A saving will be made on the staffing costs within the City Centre Management budget due to a vacant post; the saving will partially offset the cost of the Agency staff employed to cover the post.

83A5 FESTIVALS & EVENTS (402)

A saving has been made on National Insurance and Superannuation budgets.

83A6 TOURIST INFORMATION 28,393

Employment costs are less than the budget with savings made on salaries and superannuation; the saving will be partially offset by overtime and staff training exceeding the budgeted figure.

Savings have been made on the Non-Domestic rates and utilities budgets in the management unit.

Additional expenditure has been incurred in respect of Tourism marketing, this expenditure relates to boosting the City's profile for wider business purposes and for conferences and tourism. This additional expenditure was approved as part of the Response to Recession report approved in June 2009 and will be covered by a £35,000 transfer from an earmarked reserve.

Income in the management unit is less than the budgeted amounts.

83A8 DISTRICT HIGHWAYS & FOOTPATH (27,164)

Sub-contracted work and the time charged by the Engineering & Construction team in respect of the maintenance of ECC owned footpaths have exceeded the budget.

Utility charges in respect of street lighting are less than the budget.

83A9 BUILDING CONTROL 56,529

Building Control Fee income is less than the budget. An element of this shortfall will be funded from the Building Control Fee income earmarked reserve.

Savings have been made on support service budgets; with the IT service recharge and engineering and construction recharges

being less than the budgeted figure.

83B1 LAND DRAINAGE (18,645)

The budget in respect of sub-contractors has been exceeded; this has been offset by a saving on the recharge to the management unit in respect of engineering and construction.

The support service recharge in respect of the IT service is less than the budget.

83B5 PLANNING (549,552)

A saving has been made on employment budgets due to a number of vacancies within the management unit.

Planning fee income is below budgeted levels due to the general downturn in the economy.

The budget in respect of office equipment and public notices has been exceeded.

The planning delivery grant award in the year was more than anticipated. Projections included an expected transfer from the reserve however the additional grant received in 2009-10 has resulted in a transfer to the planning delivery grant reserve at year end.

83B6 CONSERVATION 7,160

The recharge in respect of the Asset Improvement and Maintenance Programme (AIM) is less than the budget.

83B7 ARCHAEOLOGICAL FIELD UNIT 354,880

The overall income levels for the Field Unit are less than the budget for the year. This is due in part to the increasingly competitive nature of the service market and the reduced volume of activity.

Additional salary costs have been incurred as a result of the restructure that took effect from 1 April 2009. A large amount of work in progress has been written off as the amounts are no longer able to be recovered.

83B8 MAJOR PROJECTS 24,613

Expenditure has been incurred in respect of various projects. An element of this expenditure will be funded from an earmarked reserve.

83B9 MARKETS & HALLS (193,455)

Income at the Matford Centre has exceeded the budget due to increased livestock throughput and improved livestock prices throughout the year. The Sunday market has also exceeded income targets as has income from business unit leases. Casual staffing costs are lower than budgeted.

Exeter Corn Exchange income is higher than budgeted due to increased lettings and an improvement in net income from the venue's seasonal events programme. There has also been a saving in the venue's utility costs.

The recharge in respect of the Asset Improvement and Maintenance Programme (AIM) for markets and halls is significantly less than the budget. The overhead costs in respect of the management unit are less than the budget mainly due to a saving in superannuation costs.

2009-2010 FINAL OUTTURN

799,184

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

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**SCRUTINY COMMITTEE - ECONOMY
OUTTURN**

APRIL 2009 TO MARCH 2010

BUDGET	SUPPLEMENTARY BUDGETS AND VIREMENTS	REVISED BUDGET	MU CODE	MANAGEMENT UNIT (MU) DESCRIPTION	OUTTURN	OUTTURN VARIANCE
£	£	£			£	£
(2,637,640)	47,000	(2,590,640)	83A1	PROPERTY & ESTATES SERVICES	(2,857,325)	(266,685)
2,944,960	0	2,944,960	83A2	TRANSPORTATION/CONCESSIONARY FARES	2,978,177	33,217
(3,143,030)	10,900	(3,132,130)	83A3	CAR PARKING	(3,117,063)	15,067
852,000	0	852,000	83A4	ECONOMIC DEVELOPMENT	939,528	87,528
284,530	0	284,530	83A5	FESTIVALS & EVENTS	284,128	(402)
549,180	0	549,180	83A6	TOURIST INFORMATION	577,573	28,393
26,000	0	26,000	83A7	ARCHAEOLOGY IN EXETER	26,000	0
546,310	4,500	550,810	83A8	DISTRICT HIGHWAYS & FOOTPATHS	523,646	(27,164)
52,380	0	52,380	83A9	BUILDING CONTROL	108,909	56,529
137,190	0	137,190	83B1	LAND DRAINAGE	118,545	(18,645)
0	0	0	83B2	ADMINISTRATION SERVICE	0	0
0	0	0	83B3	DIRECTOR ECONOMY & DEVELOPMENT	0	0
0	0	0	83B4	ENGINEERING & CONSTRUCTION SERVICES	0	0
1,298,040	0	1,298,040	83B5	PLANNING SERVICES	748,488	(549,552)
70,560	37,770	108,330	83B6	CONSERVATION	115,490	7,160
0	0	0	83B7	ARCHAEOLOGICAL FIELD UNIT	354,880	354,880
0	0	0	83B8	MAJOR PROJECTS	24,613	24,613
141,290	25,760	167,050	83B9	MARKETS & HALLS	(26,405)	(193,455)
0						
<u>1,121,770</u>	<u>125,930</u>	<u>1,247,700</u>		NET EXPENDITURE	<u>799,184</u>	<u>(448,516)</u>

TRANSFERS TO / (FROM) EARMARKED RESERVES

83A2	Contribution to TravelSmart	(5,000)
83B1	Building Control	(21,425)
83A6	LABGI	(118,511)
83B8	Major Projects Reserve	(6,640)
83B5	Local Development Framework	(2,689)
83B5	Planning Delivery Grant	181,853

Revenue Contribution to Capital

83A1	Property & Estates Services	31,000
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OUTTURN AFTER ADJUSTING FOR MOVEMENTS ON RESERVES ETC 857,773

REVISED BUDGETS 1,247,700

ADJUSTED OUTTURN VARIANCE (389,927)

	FRS 17	38,963
	AIM	(170,197)
	CAPITAL	23,360
	SUPPORT SERVICES	(292,471)
	CAR PARK EXCESS CHARGES VAT REFUND PLUS INTEREST LESS FEES	(259,616)
	SUPPLEMENTARY BUDGETS	6,300
	OTHER VARIANCES	263,734
		<u>(389,927)</u>

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 3 June 2010

ANNUAL RESULTS OF PERFORMANCE MONITORING 2009/10

1. PURPOSE OF REPORT

- 1.1. To report the annual 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. 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 table contains 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. SUMMARY OF RESULTS

- 3.1 For the most part, services within the Directorate are either meeting their targets (indicated by a green star) or, if they are falling short, they are within acceptable tolerances (indicated by a blue circle).
- 3.2 The only exceptions are:-
 - 3.2.1 Building Control fee income which has fallen below target, due to the recession and increased price competition from approved inspectors;
 - 3.2.2 The decline in numbers of visitors to Exeter Visitor Information and Tickets is believed to be due to the recession as well as poor weather during the peak summer period. There is also an increased trend for accommodation booking to be made directly with accommodation providers and information downloaded from the internet. It is intended that a review of the operation of the facility will take place by the autumn to recommend the best way forward for the centre.

3.3 Action was taken to address the under recovery of income against target when one Building Control officer was made redundant in February.

4. RECOMMENDATION

4.1. That Members consider the report and indicate whether they wish to receive further information on any particular issues.

**KARIME HASSAN
INTERIM DIRECTOR ECONOMY AND DEVELOPMENT**

ECONOMY AND DEVELOPMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended).
Background papers used in compiling the report:**

None

Performance Indicator Results 2009/10

How to interpret the performance report

Performance is shown as a comparison to the annual target. A tolerance is set for each indicator, allowing performance to be shown as on target within a certain percentage. 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 and outside the tolerance

- ✓ The green tick indicates that the annual figure for 2009/10 is better than the annual figure for 2008/09
- ➡ The black arrow indicates that there is no change between the annual figures for 2008/09 and 2009/10
- ✗ The red cross indicates that the annual figure for 2009/10 is worse than the annual figure for 2008/09

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Performance indicator	Service	Year End 08/09	Year End 09/10	Target 09/10	Performance 09/10	Compared to 08/09	Target 10/11	Target 11/12	Target 12/13	Commentary
LPI AC6 Number of safer parking awards achieved	Parking, Engineering & Business Support	20.00	23.00	22.00	★	✓	22.00	22.00	23.00	

Actual recorded figure 2009/10	Alert to show if indicator is on target	Alert to show if indicator has improved	Forward targets to show where we hope to be	Any comments to explain performance
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SO1: Ensure that there are enough well-designed, well-maintained and affordable homes in the city										
Performance Indicator	Service	Year End 08/09	Year End 09/10	Target 09/10	Performance 09/10	Compared to 08/09	Target 10/11	Target 11/12	Target 12/13	Commentary
NI154 Net additional homes provided	Planning & Building Control	414.00	TBC	447.00	N/a	N/a	447.00	447.00	447.00	The 2009/10 end of year figure due end of May.
NI159 Supply of ready to develop housing sites	Planning & Building Control	112.00	TBC	100.00	N/a	N/a	100.00	100.00	100.00	The 2009/10 end of year figure due end of May.
SO3: Further improve the character of the city and facilities for culture and leisure										
Performance Indicator	Service	Year End 08/09	Year End 09/10	Target 09/10	Performance 09/10	Compared to 08/09	Target 10/11	Target 11/12	Target 12/13	Commentary
LPI AC6 Number of safer parking awards achieved	Parking, Engineering & Business Support	20.00	23.00	22.00	★	✓	22.00	22.00	23.00	
SO5: Ensure that Exeter is a buoyant, dynamic and innovative regional city with sustainable growth										
Performance Indicator	Service	Year End 08/09	Year End 09/10	Target 09/10	Performance 09/10	Compared to 08/09	Target 10/11	Target 11/12	Target 12/13	Commentary
LPI AC1 % take-up of concessionary fares passes by eligible residents aged 60 and over	Parking, Engineering & Business Support	84.50	87.50	88.50	★	✓	90.00	90.00	90.00	The figure is calculated as a percentage of Exeter's 2006 population figure.
BV156 % LA public buildings accessible to disabled people	Planning & Building Control	77.00	78.50	60.00	★	✓	75.00	80.00	85.00	
NI170 % of previously developed land that has been vacant or derelict for more than 5 years	Planning & Building Control	1.09	TBC	0.00	N/a	N/a	0.00	0.00	0.00	The 2009/10 end of year figure not yet available.
NI157a % of major planning applications processed within 13 weeks	Planning & Building Control	52.38	71.43	60.00	★	✓	60.00	60.00	60.00	
NI157b % of minor planning applications processed within 8 weeks	Planning & Building Control	86.96	85.89	65.00	★	✗	65.00	65.00	65.00	
NI157c % of other planning applications processed within 8 weeks	Planning & Building Control	88.89	87.66	80.00	★	✗	80.00	80.00	80.00	
SO7 Use resources effectively & provide high performing, value for money services focused on customer needs										
Performance Indicator	Service	Year End 08/09	Year End 09/10	Target 09/10	Performance 09/10	Compared to 08/09	Target 10/11	Target 11/12	Target 12/13	Commentary
LPI BC2 % of annual fee income received against the cost of the building control service (building)	Planning & Building Control	86.00	84.30	100.00	▲	✗	100.00	100.00	100.00	Under recovery is due to the recession and increased price competition from approved inspectors.
LPI BC3 % of building regulation applications rec'd which are determined in the prescribed period	Planning & Building Control	100.00	100.00	99.00	★	➔	99.00	99.00	99.00	
LPI ES1 % of local searches carried out in 7 working days	Estates	99.77	100.00	95.00	★	✓	97.00	98.00	99.00	All searches were carried out within 7 days.

S08 Promote an extremely positive image & reputation & ensure high levels of customer satisfaction										
Performance Indicator	Service	Year End 08/09	Year End 09/10	Target 09/10	Performance 09/10	Compared to 08/09	Target 10/11	Target 11/12	Target 12/13	Commentary
LPI ET1 % of overall impression of the TIC was excellent/good	Economy & Tourism	81.50	86.00	95.00		✓	95.00	95.00	95.00	
LPI ET3 % overall impression of Underground Passages was excellent/good	Economy & Tourism	98.00	97.00	95.00		✗	95.00	95.00	95.00	
LPI ET4 % stated overall the Quay House Visitor Centre was excellent/good	Economy & Tourism	92.00	96.00	95.00		✓	95.00	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	Economy & Tourism	18737.00	18505.00	19600.00		✗	20600.00	21600.00	21600.00	Similar visitor number to previous year. Slight reduction due to a reduction in group bookings (coaches no longer able to drop-off in Bus & Coach Station).
LPI ET6 No. of visitors to Exeter Visitor Information & Tickets	Economy & Tourism	100582.00	70707.00	105600.00		✗	100000.00	105000.00	110000.00	Reduction in visitors during the summer period has effected annual visitor figures. The economic situation, and to some extent the weather, has affected the amount of visitors to the city and therefore the centre this summer.
LPI ET7 % stated overall the Red Coat Guides were excellent/good	Economy & Tourism	96.00	90.00	95.00		✗	95.00	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.
LPI BC1 % of customers satisfied with the overall service provided	Planning & Building Control	100.00	100.00	95.00		➔	95.00	95.00	95.00	

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 3 JUNE 2010

REVIEW OF BUSINESS

1.0 INFORMATION

- 1.1 Following discussion with the Chair and Vice Chair, the proposed structure of business for the next year is set out below.

June

Economic Update and City Centre Performance
Portfolio Holders' Programme for the year
Key Performance Indicators – year end
Financial Stewardship – Final report
Capital Programme Monitoring – year end

September

Arts Strategy: Action Plan Review
Transportation Issues
Financial Stewardship to end June
Business Improvement Districts

November

Festivals Annual Review
Key Performance Indicators – half year
Portfolio Holders' Half year Report
Financial Stewardship to end September
Capital Programme Monitoring – half year
Energy Network Supply Strategy

January

Archaeology - Annual Report
Estimates

March

Tourism Strategy: 2010 – 2013
Financial Stewardship to end December

2.0 RECOMMENDATION

- 2.1 Members are asked to comment on the above.

KARIME HASSAN
INTERIM DIRECTOR ECONOMY AND DEVELOPMENT

ECONOMY & DEVELOPMENT DIRECTORATE

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

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