



Exeter City Council

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AGENDA FOR
EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY

The Scrutiny Committee - Economy will meet on **THURSDAY 11 NOVEMBER 2010**, 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

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MINUTES

To sign the minutes of the meeting held on 2 September 2010.

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 -
EXCLUSION OF PRESS AND PUBLIC

It is considered that the Committee would be unlikely to exclude the press and public during consideration of any of the items on the agenda but, if it should wish to do so, the following resolution should be passed:-

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 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/scrutiny/questions>

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

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

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - ECONOMY

6 **PRESENTATION BY DAVID ALLEN, DEPUTY CHIEF EXECUTIVE OF EXETER UNIVERSITY**

A presentation will be made by David Allen, Deputy Chief Executive of Exeter University on the impact of the proposed Government cuts on the University, its plans and contribution to the local economy as an employer, institution and economic driver.

7 **IMPACT OF PUBLIC SECTOR SPENDING CUTS**

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

1 - 6

SCRUTINY COMMITTEE ECONOMY WORK PROGRAMME

8 **PORTFOLIO HOLDERS TO PRESENT THEIR REPORTS**

Councillor Sutton (Portfolio Holder for Sustainable Development and Transport) and Councillor Sheldon (Portfolio Holder for Economy and Tourism) will present their respective reports on the Scrutiny Committee work programme.

MATTER FOR CONSIDERATION BY THE EXECUTIVE

- 9 **A SUSTAINABLE ENERGY FUTURE - A STRATEGIC PARTNERSHIP WITH E.ON**
To consider the report of the Interim Director Economy and Development – *report circulated* 7 - 24

MATTER FOR CONSIDERATION BY SCRUTINY COMMITTEE - ECONOMY

- 10 **FESTIVALS REVIEW 2010**
To consider the report of the Head of Economy and Tourism - *report circulated* 25 - 42

PERFORMANCE MONITORING

- 11 **CAPITAL PROGRAMME MONITORING**
To consider the joint report of the Projects and Business Manager and Head of Operational Services and Transport – *report circulated* 43 - 46

- 12 **ECONOMY SCRUTINY STEWARDSHIP TO SEPTEMBER 2010**
To consider the report of the Head of Treasury Services – *report circulated* 47 - 52

- 13 **RISK MANAGEMENT**
To consider the report of the Head of Audit – *report circulated* 53 - 64

- 14 **HALF YEAR RESULTS OF PERFORMANCE MONITORING 2010/11**
To consider the report of the Interim Director Economy and Development - *report circulated* 65 - 70

- 15 **PROPERTY VOIDS AND DEBTS**
To consider the report of the Acting Head of Estates Services – *report circulated* 71 - 76

DATE OF NEXT MEETING

The next **Scrutiny Committee - Economy** will be held on Thursday 20 January 2011 at 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 S Brock (Chair), Mrs Danks (Deputy Chair), M A Baldwin, P J Brock, A Hannaford, Payne, Prowse, Robson, Spackman, Sterry, Taghdissian, Ruffle and Wardle

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EXETER CITY COUNCIL SCRUTINY COMMITTEE – ECONOMY

11 NOVEMBER 2010

IMPACT OF PUBLIC SECTOR SPENDING CUTS

1.0 PURPOSE OF REPORT

- 1.1 To brief Members on issues raised, based on analysis of the impact of public sector spending cuts by South West of England Regional Development Agency.

2.0 BACKGROUND

- 2.1 The current coalition Government has stated its intention to make substantial cuts in public sector expenditure in order to reduce the national deficit. The Government has also stated the need to strengthen the private sector in order to support recovery from the recession and rebalance the economy away from what it sees as too great a reliance on the public sector and financial services.
- 2.2 The full details of the spending cuts are not yet clear after the publication of the Comprehensive Spending Review on 20 October. There are various forecasts of the impact of this on public sector employment with the Office for Budget Responsibility assessment that some 600,000 jobs could go across the country by 2016. Forecasts of consequent loss of private sector employment are similar in scale. An extensive reconstruction of the public sector is underway, and the marked reduction if not closure of many public sector organisations is anticipated. On the positive side, the actual figures could be less if the economy recovers significantly over this time. An over reliance on improvement in the international economic situation may not produce a strong enough recovery to benefit the South West in view of its economic structure.
- 2.3 This report summaries an analysis of the available evidence to date on the impact of public sector cuts across the region undertaken by the South West Regional Development Agency (SWERDA), using economic intelligence resources and comments from many organisations across the region. SWERDA state that overall 19% average costs in government departmental budgets hides the fact that the size of the reduction of business, communities, rural affairs and other development related spending of importance to the South West is likely to be much larger.

3. ANTICIPATED IMPACT

Public Sector Job Losses

- 3.1 Some 528,000 people work in the public sector in the South West, 21.2% of employees, and above the national average largely due to the concentration of armed forces and defence related activities.
- 3.2 Over the last ten years, the South West has seen the largest change in public sector employment across the country with an increase of more than 100,000 jobs, making the area particularly vulnerable to the planned cuts.

The SWERDA consider that although large urban centres are likely to see the greatest number of losses, smaller centres and more peripheral areas where private sector activity is weaker, and greater dependency exists on the public sector for employment and financial support, may feel the effects most. The largest urban centres may have sufficiently vibrant private sectors that can absorb some of the impact. Other urban areas such as Exeter, hosting county headquarters and having a higher reliance on the public sector for employment, may be more vulnerable to higher absolute levels of cuts.

The table below indicates the estimated percentage and numbers of employees in the public sector of Exeter and the neighbouring district councils.

Area	Employment (000's)	% of total employed
East Devon	8.1	19.4
Exeter	25.0	29.5
Mid Devon	4.1	16.7
Teignbridge	7.8	19.1
TOTAL	45.0	

Exeter has the highest proportion of employees in the public sector of all urban areas in the South West. Devon, including Plymouth and Torbay, has a total of 107,000 public sector workers.

- 3.3 A forecast by Local Futures suggests that the South West public sector share of jobs could fall by 2.4% by 2016, with Exeter and Torbay forecast to fall by 3 - 3.25% and Taunton between 2.25 - 4%. The RDA report also draws attention to the importance of understanding the potential demography of public sector job cuts. The report refers to the Office of National Statistics analysis of national public sector employment in 2009 where:-

- 65.5% of public sector workers were female (41% of private sector)
- 32.7% of employed women worked in the public sector (15.1% of employment)
- 14.6% of public sector workers were long term disabled (12.8% of private sector)
- 29.5% of public sector workers were part-time (28.5% of private sector)
- 42.5% of public sector workers were over 45 years old (36.1% of private sector)
- 64% of public sector workers are in “professional”, “associate professional and technical” and administration and secretarial” positions (32% of private sector)

The report concluded that large scale cuts in public sector employment could disproportionately hit women, disabled and older workers. It is likely to affect the employment structure, particularly in more rural areas, and indeed in Exeter with there being at least in the short term fewer opportunities for local people to access professional jobs or some of the best quality employment likely to be available. The levels of income and expenditure in the local economy will understandably be reduced.

- 3.4 The South West has high levels of defence-related employment and any cuts in defence spending could have a significant impact, and not just in the key centres of defence activity. Any cuts are expected to be compounded by the effects on the supply chain of companies across the South West and across other sectors than defence.

- 3.5 Price Waterhouse Coopers (PwC) published an economic analysis of the impact of spending cuts and tax rises in early October 2010. PwC estimate that some 81,000 public and private sector jobs may be lost in the South West by 2014/15 as a result of the cuts. PwC also undertook an estimate of the local impacts by using forecast national spending changes by industry and applying them to local jobs data linked to the individual industrial and occupational make up of three cities – Leeds, Hull, and Exeter. PwC found a noticeable difference in terms of the relative impact of the cuts between the three cities. They concluded that whilst Leeds as the largest city stands to have the greatest absolute loss of jobs (21,500), its larger share of private sector activity helps to cushion the impact. Hull is seen as losing some 8,100 private and public sector jobs and Exeter some 6,250 jobs over the next 4 years. It will be important to try and obtain a picture of the impact and implications of the spending cuts on public sector organisations in the city over the coming months.
- 3.6 A significant concern has been raised that during the recession significant financial and other advice was available to help companies going through redundancies, and to provide support to individuals to retrain and find new employment. With cuts announced and expected, levels of support to the ex-public sector employees are going to be greatly reduced, and will most likely be less than that available to similar private sector employees during the recession.

Capital spending

- 3.7 In addition to job losses, public sector cuts will also effect capital spending i.e. investment in transport, houses and schools. The Department of Transport has stopped progressing approval of all capital schemes until after the Comprehensive Spending Review announcement on 20 October 2010, and at the time of writing specific decisions are still awaited. Many capital programmes will have effectively already been delayed by at least six months, delaying the economic benefits locally as well as nationally in some cases.
- 3.8 The specific scheme of major importance to Exeter awaiting a decision is the planned M5 junction 29/30 improvement which is the final piece of infrastructure required to enable the complete package of important strategic developments to the east of Exeter – the Exeter and East Devon Growth Point, including Cranbrook, the Science Park, Skypark, and intermodal freight terminal. At least 10,000 jobs associated with future phases of Skypark and the Science Park could be at risk. The proposed South Devon Link Road improvements important to Torbay's economy are also caught up in the delay, a project which is forecast to enable the creation of 7,700 jobs.
- 3.9 The National Housing Federation recently reported that 85,000 planned homes will not be built in England following the abolishment of regional house building targets and reduction in funding support measures. It is claimed that the region hit hardest is the South West, where some 60,000 new homes have been cancelled and further cuts may follow. It is argued that the reduction in house building potentially undermines the robustness of growth strategies, seen as integral to meeting the development needs of key urban areas, such as Exeter, in supporting the stability, strengthening and diversification of the economy, and promoting better quality employment opportunities.

- 3.10 There have also been announcements scaling back the Building Schools for the Future programme and new spending on physical re-generation and economic development at a regional level which may well have an impact on economic recovery.
- 3.11 Capital expenditure by Local Authorities is likely to fall by 30% by 2014-15 with consequent impact both on developments and contractors.

Reduced Government Procurement

- 3.12 The RDA report estimates that the effect of reducing Government spending by 20% could result in loss of an estimated 116,000 jobs and £4.2 billion in GVA across the South West economy. Of these 86,000 jobs would be lost in the public sector and the remainder consequently across the private sector in distribution, retail, hotels and business services sectors. The local South West economy has a high proportion of small businesses. It is estimated that in the South West some 28% of small firms are reliant on public sector contracts.

The RDA report points out that some caution is required with the analysis in that the cuts are likely to be over a period of time and that the private sector will hopefully “exploit opportunities that open up as the public sector restructures”

Welfare Reform

- 3.13 Recent announcements on welfare reform will have an impact on residents. A single “universal credit” is to be created, scrapping the existing income support, disability benefits, tax credits, jobseeker’s allowance and housing benefits phased in over two parliaments. The withdrawal of child benefit payments for higher rate tax payers has also been signalled. The number of Exeter residents receiving the following range of benefits is summarised below:

Housing Benefit (July 2010)	8,750
Job Seekers Allowance (Sept 2010)	1,841
Incapacity Benefits (Feb 2010)	4,710
Lone parent (Feb 2010)	990
Carer (Feb 2010)	710
Other income related benefits (Feb 2010)	280
Disabled (Feb 2010)	820

- 3.14 There is an intention to improve incentives to work and tackle benefit dependency while protecting those who are “genuinely unable to work”. There will be back to work support through the Work Programme for the long term unemployed and people with disabilities.

Rural Areas

- 3.15 Exeter and other such centres have some economic interdependence with the surrounding hinterland. The RDA report suggests that public spending cuts present a significant barrier to rural economic recovery. To some extent public sector employment has helped some rural areas be more resilient during the recession, but as cuts are implemented the sources of that resilience will be at risk.

- 3.16 Reliable and fast broadband provision is essential to a competitive business environment, particularly in rural areas, the absence of which is a potential barrier to investment. The Government's universal service commitment on broadband provision has been deferred to 2015, although some areas of the UK have been allocated funding support. As well as the wider rural area, Exeter does not enjoy 100% access to high speed broadband.

Further and Higher Education

- 3.17 In brief, for 16 to 19 year olds the Spending Review will support further increases in numbers in further education and continue to move the compulsory age of participation to 18. The financial support for lower income families through the Education Maintenance Allowance will be restricted to the most disadvantaged. Free further education training is to be removed for a first full level 2 and above qualification for over 25 year olds. Student loans may be available, repayable dependent on the learner's income.
- 3.18 Higher Education institutions are major employers and contribute to local economies across the South West. Exeter University has already invested more than £140 million in new buildings and facilities in the last five years and a further £130 million of projects are currently under construction. The Government believes that there must be a shift away from public spending "towards greater contributions from those that benefit most, and who can afford to pay". The stated intention is to secure more choice whilst delivering better advice and information to learners. Reduction in student numbers, staff and procurement is raising areas of concern about the ability of this sector to maintain its national and international competitiveness against a background of continued major investments by other leading nations, particularly in science research based activity related to business performance, and potential new commercial opportunities for generating new and high growth employment. Members will have heard a view on these issues from the University of Exeter at Committee, as one of the key contributors to the current and future economy of the city.

Loss of skills, knowledge and capacity

- 3.19 The local economy, and indeed the South West, has had to face difficult and indeed emergency situations and most recently the economic slowdown. Exeter and the surrounding areas have time and again used the strong relationships and networks of individuals and organizations in both the private and public sector to address these challenges, as well as to take advantage of opportunities which have arisen.

The reduction and indeed potential removal of some of this capacity may weaken the ability of the city and the area to deal with the impact of the cuts, or more importantly to be able to respond to the recovery when it comes. The transitional arrangements for the proposed Local Enterprise Partnership to replace the RDA will be very important in this regard. A White Paper is expected before the end of the year setting out the Government's strategy for promoting local economic growth.

4. RECOMMENDED that

- (i) the potential impact of cuts in the public sector on the Exeter economy be kept under review and that

- (ii) key public sector employers be invited to outline to Scrutiny Committee an assessment of their organisation's financial "stress" tests, and the level of risk to the Exeter economy.

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:-

1. "Impact on public sector spending cuts" paper published by the South West Regional Development Agency – September 2010
2. "Sectoral and regional impact of the fiscal squeeze" published by PwC October 2010

EXETER CITY COUNCIL

EXECUTIVE
23 NOVEMBER 2010

SCRUTINY ECONOMY COMMITTEE
11 NOVEMBER 2010

A SUSTAINABLE ENERGY FUTURE – A STRATEGIC PARTNERSHIP WITH E.ON

1.0 PURPOSE OF REPORT

- 1.1 Exeter City Council and East Devon District Council are working with E.ON to deliver a combined heat and power plant at Skypark to serve both the employment park and the new community. Building on this work E.ON is keen to work with the Exeter and East Devon New Growth Point and to enter into an energy partnership agreement with Exeter City Council. This signals an intent by E.ON to work with the City Council to create Exeter as a thriving, low carbon place where residents and businesses can and will take actions to reduce their own carbon emissions. In doing so, it will enable the City to deliver our economic ambition and will help support business growth and long term sustainability.
- 1.2 The proposed partnership is not a formal legal contract; it seeks to capture a commitment from all parties to work collaboratively to drive forward the low carbon agenda. The idea is that the partnership will pool expertise and resources to scale up delivery of an agreed programme. The work naturally builds on the resolutions agreed in February by Executive and the significant body of work that has been undertaken by the City Council to tackle carbon reduction. East Devon District Council would be a potential partner given their work on the Growth area.

2.0 BACKGROUND

- 2.1 In February this year Executive approved a long term strategy for reducing carbon emissions in the City. This recognised the considerable challenge facing the City and County Councils in securing the major reductions in carbon use. Members endorsed the development of a sustainable energy supply strategy for the City's growth areas. Included within the papers considered by Executive was the experience of Freiburg in South West Germany, which has gained a reputation as Germany's ecological capital and most prominent solar city. A number of European cities are providing leadership in driving the agenda to de-carbonise the economy and to tackle the challenges posed by climate change.
- 2.2 The Local Government White Paper 2006 stresses the pivotal role that local government has in achieving sustainable development and mitigating and adapting to climate change. It gives local government new opportunities to drive local action on climate change mitigation and adaptation. The government also stresses that local authorities are critical to the success of the UK Climate Change Programme "Local authorities are uniquely placed to provide vision and leadership to local communities, raise awareness and help change behaviour. In addition, through their powers and responsibilities e.g. housing, planning, local transport, powers to promote well-being and through activities such as their own local procurement and operations, they can have significant influence over emissions in their area".

3.0 INTRODUCTION AND VISION

3.1 Local authorities are uniquely placed to act on climate change mitigation and to alleviate fuel poverty. They can take action on their own estates and housing stock but can also play a key role in motivating the wider community to take action, based on their understanding of local priorities, risks and opportunities. The Council's Carbon reduction strategy is targeted at:-

1. Raising the energy efficiency of buildings, including the Council's own stock
2. Reducing transport linked emissions
3. Reducing emissions linked to waste disposal
4. Providing community leadership
5. Taking measures to adapt to climate change

3.2 The City Council has more recently initiated work on reducing carbon emissions across the city, to look at areas of particularly high impact, focusing on Exwick and the industrial estates.

3.3 This proposed strategic partnership with E.ON provides a practical vehicle to drive the City's agenda of making Exeter a low carbon city.

4.0 WHY A PARTNERSHIP?

4.1 For the cities and regions to develop in a sustainable way they must reduce their dependency on carbon based fuels. This includes looking at how progress can be made on sustainable energy and how best to prepare for peak oil.

4.2 Given the known financial pressures in the public sector it will be necessary, more than ever, to partner with the private sector and develop longer term partnerships to deliver against this agenda. This will require embedding carbon reduction in the delivery of those services the region deliver internally and those that are outsourced.

4.3 To achieve this, the sub-region' approach will need to ensure they:

- Work with local people to facilitate behaviour change and action through communication, engagement, marketing and learning programmes;
- Work in partnership with key players, particularly the NHS, universities, transport providers and major private sector businesses;
- To plan, co-ordinate and build new energy infrastructure with the private sector;
- Proactively identify funding opportunities from national and international funding streams and develop local funding opportunities;
- Design and implement a low carbon economic plan that promotes the Exeter area as a leading centre for low carbon innovation ;
- Systematically invest in carbon reduction measures across the Council's property and transport functions.

5.0 WHY E.ON?

5.1 E.ON's vision to "change energy" focuses on people, society, climate and customers. E.ON believes energy must be affordable, secure in the long-term

and increasingly lower carbon. Meeting these three objectives simultaneously is perhaps one of the greatest challenges of the 21st century.

- 5.2 E.ON UK is fully vertically integrated, meaning they have the end to end knowledge and capabilities to deliver each element of the energy value chain and can provide the peace of mind that only comes through working with Europe's largest investor-owned energy company. As a technology-agnostic organisation, E.ON can ensure that only the most appropriate solutions to any challenge is proposed; E.ON have no particular constrained supplier relationships, or dogmatic adherence to particular carbon or energy 'theories'. E.ON's commitment is to their clients first, with a strong track record of working collaboratively and in partnership to deliver only what meets the set objectives.
- 5.3 E.ON has a reputation for delivering technically advanced and spatially appropriate generation options in sometimes complex, multi-organisational partnerships.
- 5.4 The Council could seek alternative partners. Currently there is no other energy company looking to commit to this type of programme. Indeed, the Exeter area would be only the fifth such partnership agreement in the country and would represent a significant coup for the area.

6.0 THE PARTNERSHIP AND THE BENEFITS

- 6.1 The Energy Partnership Agreement is a non-legally binding commitment to working collaboratively to identify, monitor and achieve specific targets. This partnership will pool the expertise, resources and financing options within the respective organisations to scale up the delivery of identified opportunities/projects. Please see Appendix 1 for a typical EPA and governance structure.
- 6.2 The agreement is neither exclusive nor restricted and is open to other interested partners within the Exeter and East Devon growth area. It is an aspiration to build on the existing partnerships delivering key services to the Councils in the delivery of carbon reduction.
- 6.3 A distinct benefit of the partnership is the strengthening of the economy through the promotion, retention, diversification and creation of local jobs. The partnership will endeavour to resource all projects with local people wherever possible and invest in the training requirements to fill any identified skills gaps. Most importantly, the partnership approach will ensure that the intelligence and knowledge gained through the implementation of projects is retained with the people.
- 6.4 The partnership approach truly represents the community and will bring efficiency, best value and focus to the challenge of carbon reduction. The benefits are numerous and will grow throughout the evolution of the partnership. Six overwhelming early benefits the partnership can support and deliver on are listed below:-
 - 1) The fundamental regulatory requirements and compliance (such as those under the Climate Change Act, inc the Carbon Reduction Commitment);
 - 2) Responding to Government expectation of authorities having a key role to play in the delivery of national aims and objectives, such as the delivery of renewable energy and carbon targets;

- 3) The development and growth of a sustainable, low carbon economy within the region, supporting inward investment and retention of skills, expertise and the flow of finance;
- 4) Increased community environmental awareness and responsiveness to related social needs specifically fighting fuel poverty;
- 5) Access to E.ON's energy investment funds and exploit its increased capability to the faster capture of grants / funds from Government and European sources;
- 6) Accelerated learning and retention of know-how retained within Council officers including shared learning with regional based educational institutions/Universities/ colleges and schools.

6.5 The partnership will become even more effective at solving the areas carbon challenge, as the partnership learns and deepens its relationship with the community and key government agencies. By way of example, this approach responds positively and directly to the future requirements of sustainable communities and the single conversation being developed between the Exe authorities and the "Homes and Communities Agency "

7.0 THE OPPORTUNITIES

- 7.1 Continued economic growth and regeneration requires a strategic approach to the challenges of climate change and will depend on low carbon, affordable and secure energy, with sustainable approaches to transport and housing.
- 7.2 Cities and Regions are keen to promote themselves as locations of choice for the environmental technologies sector. Providing secure, low carbon and competitively priced energy will give a competitive advantage in attracting new business and inward investment.
- 7.3 E.ON has identified key target areas where the partnership can make a significant impact and derived short, medium and long term objectives and projects that can help towards meeting obligations and visions across the following sectors:-
- Housing;
 - Business;
 - Transport ;
 - Community engagement and Education;
 - Public Sector Buildings.
- 7.4 Appendix 2 below demonstrates how carbon reduction can be implemented over these sectors.
- 7.5 Appendix 3 demonstrates a typical set of projects over a short, medium and longer term basis to de-carbonise the city across the sectors stated above and below. This is a generic list that will be tailored by the partnership.
- Housing
- 7.6 Housing is responsible for a significant proportion of a settlement's carbon emissions. It is recognised that a need to address carbon emissions from both new and existing housing stock is essential to meet current targets. Working in partnership to secure expertise, new technologies and through innovative

financial models, it will be possible for the city region to accelerate this programme and tackle more homes more quickly.

- 7.7 In particular, settlements will make it easier for people to heat their homes more efficiently by insulating more homes with loft and cavity wall insulation, promoting and supporting the national boiler scrappage scheme and providing people with advice on installing solid wall insulation. However, significant challenges exist. Many properties across the city region are more difficult to insulate and there is a need to work in collaboration with the private sector to look at how we can develop a solid wall insulation programme.

Business

- 7.8 Business is a key area for local authorities to address given they are responsible for a significant proportion of the settlement's carbon emissions. With the introduction of national policies to incentivise carbon reduction it will be ever more necessary to support business in addressing these new challenges.

Transport

- 7.9 There must be a shift in culture and technology, together, to achieve carbon reduction ambitions in this sector. One area where this can be achieved is the acceleration of the uptake of low emission vehicles through a range of activities.

Education

- 7.10 For Exeter to move forward on this big challenge, it is important to take people with us. It is essential that everyone understands the challenge and how they can contribute to the solutions. E.ON's community programmes can support the city and its communities. E.ON have developed a suite of highly engaging, interactive, multi-media resources that teach young people (5-16 years) about the full range of energy issues through the Science and Geography curriculum.

Infrastructure

- 7.11 To facilitate regeneration and making heating more affordable for residents and businesses the Growth point will need to build on exemplar infrastructure and the development of district heating and cooling networks.

- 7.12 Other key identified areas where the partnership benefits can be realised are:-
1. Retro-fitting of new energy efficiency and low carbon technologies to the existing building stock (residential, civic, commercial and industrial);
 2. Stimulating behavioural change of the residents and businesses;
 3. Investment in low carbon transport systems, particularly on the back of the Government's Ultra Low Carbon Vehicle Strategy and its commitment to make strategic interventions in both infrastructure and vehicles;
 4. Investment in the Council's built estate to achieve high performing buildings;
 5. Development of the Council's land holdings to generate low carbon and renewable energy for the benefit of local communities;
 6. Work on the delivery of energy efficiency retrofitting programmes supported by Community Energy Savings Programme funding;
 7. The engagement of young people, through EcoSchools, teaching and research, apprenticeships and training programmes.

8.0 FINANCING

- 8.1 A strong benefit of the partnership is the flexible access to various funding mechanisms to deliver specific project outcomes. It is intended that the partnership will be highly skilled in the capability of applying for central government monies through building effective business cases.
- 8.2 This is complemented by a clear understanding of private sector funding opportunities and how to execute such funds. The private sector partners will also have access to internal funds to invest in the region, for example E.ON invests in citywide low carbon district heating schemes, ensuring customers in the community are guaranteed a competitive price promise whilst freeing up city funds and management time to work on more immediate community requirements.
- 8.3 The Energy Partnership Agreement is a non-legally binding commitment to working collaboratively. There is an expectation that the City Council will provide leadership and commit resources to the partnership.

9.0 DELIVERY TEAM

- 9.1 E.ON has suggested, based on their experience, that to develop momentum behind the partnership, it will require some initial investment from which efficiencies, savings and income generation can be realised. Longer term it is proposed that a core partnership team will be subsidised by the success of the region wide energy projects over time, however a residual funding is foreseen for this team, which will not benefit from subsidy in its first year.
- 9.2 A fully developed business case for investment could be developed in the future to support this investment, but it is proposed that initially a team of 4 full-time staff made up equally from E.ON and the local authorities be brought together. Currently, Exeter and East Devon have staff working on this agenda that can be called upon to progress the work programme. The focus for the team is suggested to be the current Delivery Team under the Projects Director. This set up works to a governance structure that has overseen the funding agreements for the chpp and enjoys a broad measure of support from the three local authorities.
- 9.3 A reinvestment model from successful projects can be considered to reduce this overhead for future years. The Carbon Reduction Commitment management opportunity is a good example of this. Through a partnering agreement, mechanisms can be agreed to effectively self fund the capital implementation of carbon reduction technology which is ultimately paid for the savings generated – full risk transfer to the operator under an energy performance guarantee.

10.0 RECOMMENDED that Executive notes the view of the Scrutiny Committee – Economy and approves the proposed action in relation to the following that :-

- 10.1
- (i) Exeter City Council enter into an energy partnership agreement with E.ON and East Devon District Council;
 - (ii) Members consider whether the Exeter and East Devon New Growth Point Board function as the governance structure for assessing

- performance and managing the partnership;
- (iii) The partnership seeks to engage Devon County Council in taking forward the work programme;
 - (iv) The Projects Director for the New Growth Point acts as the principal lead for the partnership; and
 - (v) A review of the decision be considered annually.

**KARIME HASSAN
INTERIM DIRECTOR ECONOMY AND DEVELOPMENT**

ECONOMY & DEVELOPMENT DIRECTORATE

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

Background papers used in compiling this report:-

1. Reducing Carbon Emissions in Exeter: the Role of Planning and Transportation Strategy, Scrutiny Committee – Economy, 21 January 2010; Executive, 9 February 2010.
2. Climate Change Strategy, Executive, January 2008.

APPENDIX 1**THE ENERGY PARTNERSHIP AGREEMENT (EPA)**

The EPA clearly defines a governance structure which broadly accords with a typical Intelligent Client model; however, the EPA does offer greater flexibility not being a formal contractual agreement.

At a senior level, sponsors agree to meet (typically quarterly) to review the Energy Strategy and set specific targets on a project-by-project basis to deliver the identified objectives to an agreed budget. It is at this Sponsors Review Group (SRG) level where the project management team, procurement method and funding of each project will be agreed, maximising where appropriate available funds and grants and, where necessary, additional finance.

A more detailed Project Review Group (PRG) will meet on a monthly basis to monitor and resolve any project specific details, escalating any issues to SRG for resolution is necessary.

It is recognised, depending on the scale and nature of the projects, that Local Government procurement rules and legislation will apply. In order for E.ON not to be precluded from any relevant procurement tenders, it is envisaged that E.ON sponsor representative(s) will extract themselves from such meetings that are deemed sensitive to the nature of the tender process.

E.ON / Exeter and East Devon Energy Partnership Charter

Introduction

This Collaborative Charter sets out the nature of the relationship between E.ON and Exeter City Council and East Devon District Council, which all parties have committed to adopting. Although this agreement is not contractual, both signatories jointly undertake to operate within the spirit of collaborative partnership described here in: -

The Rationale

The rationale for this agreement is summarised as follows:

- All parties wish to operate in new ways and through a new relationship.
- All parties firmly believe that their interests are best served by the adoption of cooperative ways of working together.
- While accepting the need for project specific contracts, all parties accept that this Charter will provide a reference document against which their approach and actions can be compared.

Principal Objectives

The principal objectives of the relationship Between E.ON and Exeter City Council and East Devon District Council are as follows:

1. To reduce within the growth point energy consumption / carbon footprint / energy costs
2. To increase energy efficiency through smart initiatives / technologies
3. To seek continuous improvement through an agreed regular communications and partnership working programme
4. To deliver additional benefits to the community through education, training, job creation and community engagement
5. To deliver services to the highest standards of quality.

Signed on behalf of Exeter City Council

Position

Date

Signed on behalf of East Devon District Council

Position

Date

The actions that will be taken to deliver the Principal Objectives:

- Co-operation will be continually aspired to in all our activities and communication.
- We agree to work with respect and equality and wherever possible as simplistically as possible
- All parties (and subsequent additional partnering parties) will adopt the partnership at a senior level
- All parties will annually allocate the necessary resources where necessary.

The Nature of the Relationship

The following values are held by all parties to the Charter:

- No party has a monopoly on best practice, initiative or solution
- All information is shared openly where possible
- Problems are solved jointly
- Innovative proposals are positively criticised
- Working relationships are friendly
- Wherever possible risks are shared

The Success Review Group (SRG) Quarterly* Suggested agenda Appendix 1A

All parties agree to undertake strategic goal setting and monitoring of progress to achieve the successful progression towards the **Principle Objectives**.

- Purpose to confirm the strategy
- To enable decision making and authorise projects
- To cross communicate up to date global thinking from both organisations
- Strategic legal and procurement governance

Project Review Group (PRG) Monthly* Suggested agenda Appendix 1B

The PRG will ensure that projects, authorised by SRG, are appropriately resource and managed.

- Clear project management / ownership
- Regular reporting of benefits and risk awareness
- Shared project management resources
- Clear budgetary / quality / programme controls

Signed on behalf of E.ON

Position

Date

APPENDIX 1A**Agenda**

Meeting	Community Energy Partnership - Sponsors Review Group (SRG)
Date	
Time	6Hrs Every quarter – Revolving between sponsors
Venue	
Attendees	Sponsor Managers plus Invited Project team Representatives
Apologies	

<u>Item</u>	<u>Description</u>	<u>Action</u>	<u>Timing</u>
1.0	Introductions & Housekeeping		
2.0	Strategic Goals & Mission		
3.0	Benefits Review		
4.0	Project Updates		
	<ul style="list-style-type: none"> • Project 1 • Project 2 • Project 3 		
5.0	Funding Update		
6.0	Community Update		
	Sponsor only matters		
6.0	<ul style="list-style-type: none"> • Expenditure Review • Resources update 		
7.0	AOB		

APPENDIX 1B**Agenda**

Meeting	Community Energy Partnership - Project Review Group (PRG)
Date	
Time	6Hrs Every 4 weeks (Interim Teleconference 2 weekly 1 hr)
Venue	Revolving between sponsors
Attendees	Sponsor Managers plus Invited Project team Representatives
Apologies	

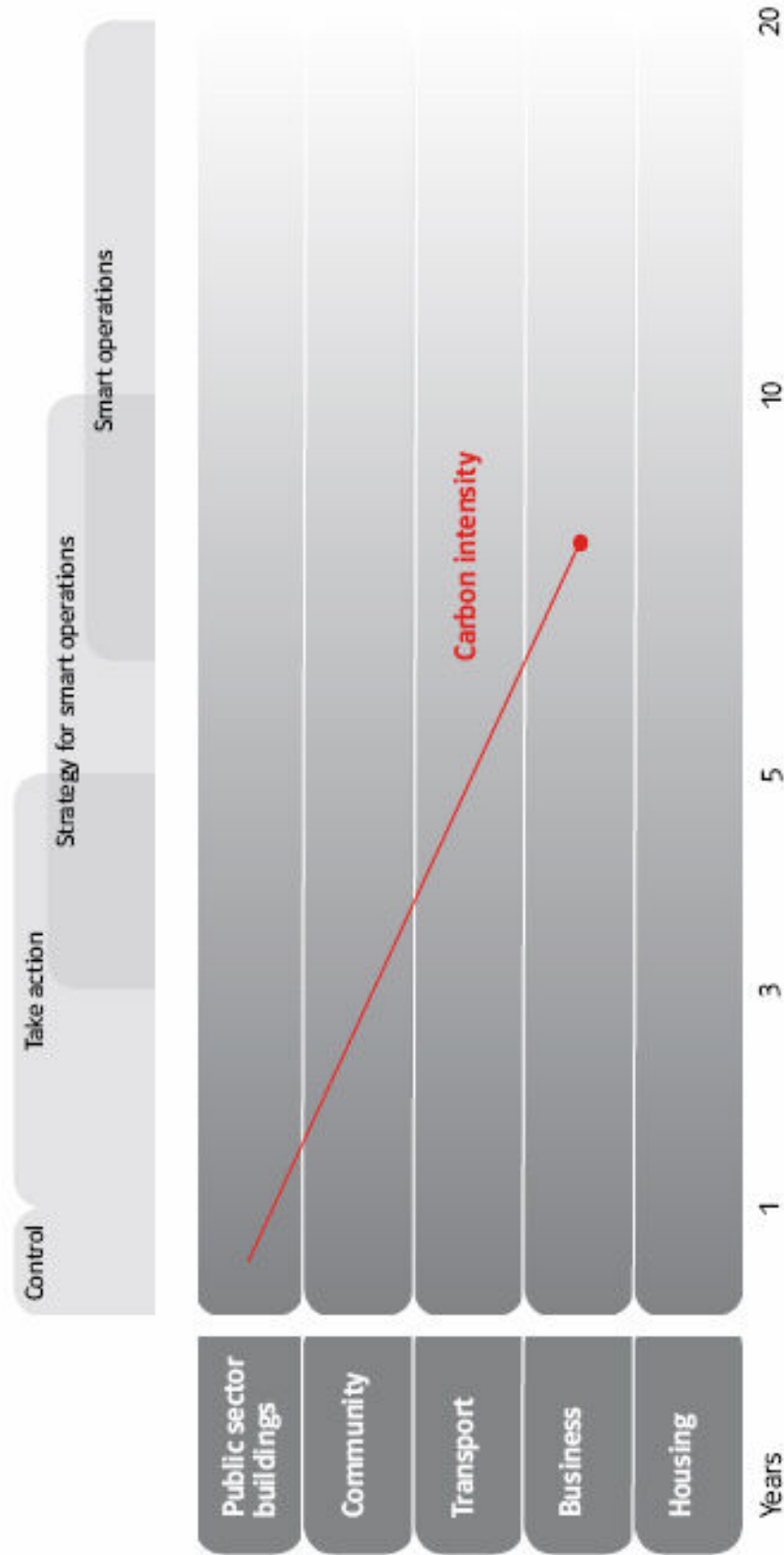
<u>Item</u>	<u>Description</u>	<u>Action</u>	<u>Timing</u>
1.0	Introductions & Housekeeping		
2.0	Project Update & Improvement by Project Leader		
3.0	Benefits Review		
4.0	Community Update		
5.0	AOB		

APPENDIX 2

THE CARBON INTENSITY GRAPH

Driving down carbon intensity

As carbon intensity decreases over the period, so too do the opportunities for further reduction



APPENDIX 3

Housing

	<u>Short Term</u>	<u>Medium Term</u>	<u>Long Term</u>
	Goal: Target: Timeline: Circa 1 year	Goal: Target: Timeline: Circa 3-5 years	Goal: Target: Timeline: 20 years+
Opportunities	<ol style="list-style-type: none"> 1. Feasibility study on LSOA to identify most cost effective “green” solution 2. City wide housing stock review to identify most cost effective “green” solutions both new and retro fit 3. Identify site specific area for de-centralised energy and scope opportunities – relation to district heat etc 4. CESP 5. Metering strategy and scope (RSL / social housing stock) 	<ol style="list-style-type: none"> 1. Develop detailed proposals for de-centralised energy / ESCo sites. 2. Roll out Smart meters 3. Influencing the planning strategies for low carbon infrastructure on new developments 4. Roll out microgen to the public (Ignite) 	<ol style="list-style-type: none"> 1. Continuous improvement strategy including maximising use of existing district heat network and expansion of use via newly constructed 2. Monitoring and effectively implementing a low carbon operational plan, where saving energy is business as usual. 3. Creating the city as a World leading low carbon city, including all city and supply chain partners
Benefits to the people & Businesses of the city	<ol style="list-style-type: none"> 1. Identify Best, most efficient and cost effective carbon reduction solutions for the city with major investment by E.ON 2. Best, most efficient and cost effective solution beyond CESP to include E.ON investment in CERT/Microgen etc 3. Maximise use of ESCo, secured energy prices, risk transfer to E.ON City benefits from extending E.ON schemes at lower project cost and E.ON energy price promise 4. Reduce fuel poverty, increase asset value and attraction, local job creation and training E.ON to invest circa £xm over 3 years 5. Reduce fuel poverty, increase awareness of consumption and carbon footprint, allows community to join the initiative which can grow into greater community engagement 	<ol style="list-style-type: none"> 1. Grid carbon intensity significantly reduced, secure energy tariffs, risk transfer to E.ON, low carbon culture, E.ON competitive price promise using E.ON investment monies/infrastructure funds 2. Develop SMART grid infrastructure, energy management, interactive reduction in consumption and carbon, E.ON smart grid knowledge transferred to local DNO to leverage more inward investment 3. Commitment to developing a low carbon community throughout the cities growth strategy 4. Customised offers to suit all demographic segments of the community, initial targets includes student population and investment offers 	<ol style="list-style-type: none"> 1. To ensure the city benefits from world leading technologies / services including the local manufacturing and commerce of such technologies / services (significant low carbon economy) 2. To continuously achieve European targets 3. Building a low carbon City / economy saving energy through smart operation and technologies becomes business as usual
Delivery of Opportunity	<ol style="list-style-type: none"> 1. Consultancy study jointly with housing strategy 2. Consultancy study jointly with housing strategy 3. Consultancy to scope opportunity, design, build fund and operate through ESCo 4. End to end service delivery – or in partnership with local contractors 5. Through metering technology 	<ol style="list-style-type: none"> 1. ESCo design, build, fund and operate 2. Smart metering roll out 3. Collaborative development and management of relevant planning processes 4. Smart technologies via end to end service of in partnership with local contractors 	<ol style="list-style-type: none"> 1. Via the Energy Partnering Agreement governance structure including international commerce and technology partners 2. Via the Energy Partnering Agreement governance structure 3. Via the inclusion of international commerce partners, European government and scientific institutions.
Investment / Commitments Required	<ol style="list-style-type: none"> 1. Human resource to work in partnership, cost range between £5 - £25k depending on depth 2. Human resource to work in partnership, cost range between £30 - £50k depending on depth 3. Scoping and design varies on site, range £5k - £40k. 4. Significant E.ON investment (circa £3m) additional top up monies may be required / redirected from the city 5. Metering consultancy study £3-5k 	<ol style="list-style-type: none"> 1. E.ON investment / infrastructure investment 2. E.ON / DNO Smart grid funding / government funding 3. Joint resource with skilled staff (annual management fee) 4. E.ON financial services / public purchase / rental (benefits of FIT) 	<ol style="list-style-type: none"> 1. Annual management fee (supported by business plan showing multiple savings) 2. Annual management fee (supported by business plan showing multiple savings) 3. Annual management fee (supported by business plan showing multiple savings)

Business

	<u>Short Term</u>	<u>Medium Term</u>	<u>Long Term</u>
	Goal: Min Target: Timeline: Circa 1 year	Goal: Target: Timeline: Circa 3-5 years	Goal: Target: Timeline: 20 years+
Opportunities	<ol style="list-style-type: none"> 1. CRC management increasing energy efficiency benefits over applicable business building stock 2. Metering strategy and scope 3. SME micogeneration opportunities 4. Business inclusion in partnership – peer to peer energy piping opportunities 	<ol style="list-style-type: none"> 1. Develop detailed proposals for de-centralised energy / ESCo sites. 2. Roll out Smart meters 3. Influencing the planning strategies for low carbon infrastructure on new developments 	<ol style="list-style-type: none"> 1. Continuous improvement strategy including maximising use of existing district heat network and expansion of use via newly constructed 2. Monitoring and effectively implementing a low carbon operational plan, where saving energy is business as usual. 3. Creating the city as a World leading low carbon city, including all city and supply chain partners
Benefits to the people & Businesses of the city	<ol style="list-style-type: none"> 1. Conformance to legislation, commitment to low carbon community, FIT, RHI, attracting new business, opportunity to grow partnership, pooling administration and carbon trading. High placement in league table provides financial incentives 2. Dynamic energy management and reduction 3. Benefits from FIT, reduced fuel bills 4. Jobs, carbon reduction, inward investment etc 	<ol style="list-style-type: none"> 1. Maximise use of ESCo, secured energy prices, risk transfer to E.ON City benefits from extending E.ON schemes at lower project cost and E.ON energy price promise 2. Develop SMART grid infrastructure, energy management, interactive reduction in consumption and carbon 3. Commitment to developing a low carbon community throughout the cities growth strategy 	<ol style="list-style-type: none"> 1. To ensure The city benefits from world leading technologies / services including the local manufacturing and commerce of such technologies / services (significant low carbon economy) 2. To continuously achieve European targets 3. Building a low carbon City / economy saving energy through smart operation and technologies becomes business as usual
Delivery of Opportunity	<ol style="list-style-type: none"> 1. Identify the city businesses and implementation plans to achieve common CRC business compliance / city commitment. 2. Via energy management contracts 3. End to end service delivery or via local contractors (job creation / retention) 4. Via the partnering agreement / forums 	<ol style="list-style-type: none"> 1. ESCo design, build, fund and operate 2. Smart metering roll out 3. Collaborative development and management of relevant planning processes 	<ol style="list-style-type: none"> 1. Via the Energy Partnering Agreement governance structure including international commerce and technology partners 2. Via the Energy Partnering Agreement governance structure 3. Via the inclusion of international commerce partners, European government and scientific institutions.
Investment / Commitments Required	<ol style="list-style-type: none"> 1. Individual client funding – high league table incentives. Energy management savings self funding option. 2. Individual client funding 3. Client funding / government grants and carbon trust loans 4. Strategic funds, FIT 	<ol style="list-style-type: none"> 1. E.ON investment / infrastructure investment 2. E.ON / DNO Smart grid funding / government funding 3. Joint resource with skilled staff (annual management fee) 	<ol style="list-style-type: none"> 1. Annual management fee (supported by business plan showing multiple savings) 2. Annual management fee (supported by business plan showing multiple savings) 3. Annual management fee (supported by business plan showing multiple savings)

Transport

	<u>Short Term</u> Goal: Target: Timeline: Circa 1 year	<u>Medium Term</u> Goal: Target: Timeline: Circa 3-5 years	<u>Long Term</u> Goal: Target: Timeline: 20 years+
Opportunities	<ol style="list-style-type: none"> 1. Electric vehicle viability study with identified potential charging points (including other city partner fleet? – Kier 80 vans) 2. Feasibility to deliver and use alternative fuel sources for fleet – public and private partner organisations (bio-gas) 3. LED exterior lighting (outside scope of PFI) 	<ol style="list-style-type: none"> 1. Electrical tram maintenance services, high level electrical including lighting 2. New Anaerobic Digestion plant potential 3. Consolidation centres within the city for centralised delivery and re-distribution. Sites can also house training / education facilities (include other city partners and public/private sector businesses) 	<ol style="list-style-type: none"> 1. Continuous improvement strategy including maximising use of existing district heat network and expansion of use via newly constructed 2. Monitoring and effectively implementing a low carbon operational plan, where saving energy is business as usual. 3. Creating The city as a World leading low carbon city, including all city and supply chain partners
Benefits to the people & Businesses of the city	<ol style="list-style-type: none"> 1. Leading the way nationally with new technology. Increasing air quality within the City 2. Sustainable fuel source for service vehicles, reduce pollution 3. Ultra low energy white light solution offering increased feeling of safety – CCTV recognition etc 50% energy reduction, 60% carbon reduction 	<ol style="list-style-type: none"> 1. Low carbon inclusion of infrastructure 2. Source for alternative vehicle fuel, fuel for ESCo's produced within the city. Job creation and retention 3. Reduced congestion within the City leading to better air quality. Job creation, retention and training options 	<ol style="list-style-type: none"> 1. To ensure The city benefits from world leading technologies / services including the local manufacturing and commerce of such technologies / services (significant low carbon economy) 2. To continuously achieve European targets 3. Building a low carbon City / economy saving energy through smart operation and technologies becomes business as usual
Delivery of Opportunity	<ol style="list-style-type: none"> 1. Study to identify and scope the potential 2. Locally produced / local distribution 3. Installation, maintenance and lease back funding options available 	<ol style="list-style-type: none"> 1. End to end service delivery 2. End to end service delivery 3. Sites on fringe of city to consolidate materials with guaranteed deliveries within x hours of call to city centre establishments. 	<ol style="list-style-type: none"> 1. Via the Energy Partnering Agreement governance structure including international commerce and technology partners 2. Via the Energy Partnering Agreement governance structure 3. Via the inclusion of international commerce partners, European government and scientific institutions.
Investment / Commitments Required	<ol style="list-style-type: none"> 1. Government/ E.ON sponsorship / supply chain sponsorship 2. Supply chain subsidised 3. Typical unit rate £400 each – funding options available. 	<ol style="list-style-type: none"> 1. Client funded – project specific 2. Client funded – project specific 3. Gate fee based with possible supply chain subsidies 	<ol style="list-style-type: none"> 1. Annual management fee (supported by business plan showing multiple savings) 2. Annual management fee (supported by business plan showing multiple savings) 3. Annual management fee (supported by business plan showing multiple savings)

Community / Education

	Short Term	Medium Term	Long Term
	Goal: Target: Timeline: Circa 1 year	Goal: Target: Timeline: Circa 3-5 years	Goal: Target: Timeline: 20 years+
Opportunities	<ol style="list-style-type: none"> 1. Education awareness programme to drive lower consumption and responsibility to act (affluent area target) 2. Stage a "Green Jobs Conference" 3. Maximise the usage of the E.ON curriculum approved education packs across all The city schools / colleges 4. Engage with local Universities to test and monitor performance of new / emerging sustainable energy technologies 5. Target large residential student platform to "change energy" 6. Microgeneration on schools / colleges 	<ol style="list-style-type: none"> 1. Established regular community engagement with the well-organised community representation 2. Community inclusion within project delivery including educational sector, voluntary sector, third sector, job placement schemes 3. Establish local community-based manufacturing/skills transfer (eg Remploy) 	<ol style="list-style-type: none"> 1. Continuous improvement strategy including maximising use of existing district heat network and expansion of use via newly constructed 2. Monitoring and effectively implementing a low carbon operational plan, where saving energy is business as usual. 3. Creating The city as a World leading low carbon city, including all city and supply chain partners
Benefits to the people & Businesses of the city	<ol style="list-style-type: none"> 1. Increase awareness, reduce bills and carbon emissions, increase community inclusion / support 2. Job creation / The city destination for jobs 3. Raise awareness and encourages people to take action and ownership in reducing carbon 4. Recognised as centre of excellence for "green" energy technology, encouraging students and business to The city 5. Benefits of FIT, reduced bills and influential population 6. FIT, reduced bills, education 	<ol style="list-style-type: none"> 1. Low carbon awareness and knowledge of accessing information becomes business as usual for the city communities. 2. Low carbon economic growth, opportunities for the young, skills growth 3. Local manufacturing and assembly job growth, new skills accumulation, global supply chain 	<ol style="list-style-type: none"> 1. To ensure The city benefits from world leading technologies / services including the local manufacturing and commerce of such technologies / services (significant low carbon economy) 2. To continuously achieve European targets <p>Building a low carbon City / economy saving energy through smart operation and technologies becomes business as usual</p>
Delivery of Opportunity	<ol style="list-style-type: none"> 1. Accord and develop with The city is my Planet 2. Partnering agreement / collaborative marketing support – including supply chain 3. Delivery of CD's and education packs / on-line curriculum 4. Research funded studies / E.ON trials 5. E.ON innovation collaborating with Universities and supply chain 6. E.ON microgeneration 	<ol style="list-style-type: none"> 1. A regular agenda item across the partnership at all levels 2. Job placement for partnership projects supported by on-the-job training through local educational community and E.ON Academy/apprenticeships 3. Local supply chain inclusive within partnering agreement supported by local FE sector/supplemented by E.ON Academy 	<ol style="list-style-type: none"> 1. Via the Energy Partnering Agreement governance structure including international commerce and technology partners 2. Via the Energy Partnering Agreement governance structure 3. Via the inclusion of international commerce partners, European government and scientific institutions.
Investment / Commitments Required	<ol style="list-style-type: none"> 1. Sponsorship 2. Sponsorship – potential supply chain subsidies 3. LEA collaboration 4. University / FE engagement 5. Part grant funded, FIT benefit 	<ol style="list-style-type: none"> 1. Covered through overhead/Sponsorship/grants 2. Project specific, subsidised by project subsidised by third sector, enterprise grants 3. Project specific, subsidised by project subsidised by third sector, enterprise grants 	<ol style="list-style-type: none"> 1. Annual management fee (supported by business plan showing multiple savings) 2. Annual management fee (supported by business plan showing multiple savings) 3. Annual management fee (supported by business plan showing multiple savings)

Public Sector Buildings

	<u>Short Term</u> Goal: Target: Timeline: Circa 1 year	<u>Medium Term</u> Goal: Target: Timeline: Circa 3-5 years	<u>Long Term</u> Goal: Target: Timeline: 20 years+
Opportunities	<ol style="list-style-type: none"> 1. CRC evaluation study of all public sector buildings from an energy efficiency perspective (inclusive of other city partner organisations & Universities / Hospitals) 2. LED exterior lighting options for car parks etc (outside PFI scope) 3. "Smart Building" total dynamic management of all public buildings 4. <i>Embedded</i> management 	<ol style="list-style-type: none"> 1. Using established best value framework for all new city projects including technology range and scope, benefits cases, return on investment. 2. Standardised contract forms 3. Such standard contracts mentioned above to be made further efficient by including wider city partners eg Kier 	<ol style="list-style-type: none"> 1. Continuous improvement strategy including maximising use of existing district heat network and expansion of use via newly constructed 2. Monitoring and effectively implementing a low carbon operational plan, where saving energy is business as usual. 3. Creating The city as a World leading low carbon city, including all city and supply chain partners
Benefits to the people & Businesses of the city	<ol style="list-style-type: none"> 1. Compliance with regulations and targeted reductions in carbon. High league table position offers financial rewards, the city to be an aspired leader to follow for other LA's 2. Reduced carbon, better quality white light solutions 3. Thought leadership icon for community, better, reduced energy bills, pro-active energy advice, better public buildings 4. E.ON staff to be embedded in management to bring continuous benefit / knowledge sharing 	<ol style="list-style-type: none"> 1. Reduce delays in accessing energy savings and proving value for money 2. Reduced cost of individually negotiated projects, based upon agreed benefits and output specification 3. Further reduced cost of individually negotiated projects, based upon agreed benefits and output specification 	<ol style="list-style-type: none"> 1. To ensure The city benefits from world leading technologies / services including the local manufacturing and commerce of such technologies / services (significant low carbon economy) 2. To continuously achieve European targets 3. Building a low carbon City / economy saving energy through smart operation and technologies becomes business as usual
Delivery of Opportunity	<ol style="list-style-type: none"> 1. Consultancy study. BEEP style model, re-invest savings back into green technology products – inward investment. Energy management savings self funding option. 2. End to end service delivery 3. E.ON / Accenture / providing value for money per installation 4. Agreed secondment arrangements 	<ol style="list-style-type: none"> 1. BEEP style framework, supported by detailed costed solutions to allow accurate budgeting. 2. Standardised forms of contracting 3. Standardised forms of contracting 	<ol style="list-style-type: none"> 1. Via the Energy Partnering Agreement governance structure including international commerce and technology partners 2. Via the Energy Partnering Agreement governance structure 3. Via the inclusion of international commerce partners, European government and scientific institutions.
Investment / Commitments Required	<ol style="list-style-type: none"> 1. Estimated price for consultancy £. Risk transfer models available for annual service fee to manage CRC entirely 2. Various funding options including lease back are available 3. Gain share, part gain share or bureau 4. Salary share 	<ol style="list-style-type: none"> 1. Enabling work to be shared costs 2. Enabling work to be shared costs 3. Enabling work to be shared costs 	<ol style="list-style-type: none"> 4. Annual management fee (supported by business plan showing multiple savings) 5. Annual management fee (supported by business plan showing multiple savings) 6. Annual management fee (supported by business plan showing multiple savings)

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY 11 NOVEMBER 2010

FESTIVALS REVIEW 2010

1.0 PURPOSE OF REPORT

- 1.1 To review and report back on the performance of the festivals portfolio, which comprises the Autumn Festival 2009, Animated Exeter, Vibraphonic and the Summer Festival 2010.

2.0 BACKGROUND

- 2.1 The City Council has and continues to support a number of arts related festivals as part of its year round programme, these include Exeter Summer and Exeter Autumn festival as well as Vibraphonic and Animated Exeter, both grant aided by the City Council but which are now produced by independent companies, Vibraphonic Festival Ltd and Animated Festival Ltd. In addition the City Council provides small amount of grant support to Exeter Open Studios in Exeter Autumn Festival and the annual Exeter Respect Festival.

- 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 section summarises the key characteristics of each of the festivals:

Autumn Festival:

- provides a showcase event to give local performers and artists a higher profile
- invests in a capacity building programme to enable local 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.

Exeter Open Studios:

- artist led event, with support from Council Officers, which opens studios and exhibitions of city based artists to the public over a weekend in Exeter Autumn Festival.

Animated Exeter:

- Operated by an independent company with financial and Council Officer support from the City Council
- 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, operated externally to the Council, 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.

Exeter Respect

- a community led two day outdoor, free festival with music, children's activities, stalls targeted at Exeter's diverse communities with Council Officer support and financial support.

Summer Festival:

- produces a programme, as with all the other festivals, which benefit the local economy and enhances the City's cultural image regionally and nationally 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 collaboratively with the City's core venues and other partners 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 A detailed review including a programme, marketing, analysis and financial breakdown for each festival listed in 2.3 is outlined in *Appendix 1 – Detailed Individual Festivals Review 2010* as follows:

Item 1	Exeter Autumn Festival 2009	p6 – 7
Item 2	Exeter Open Studios 2009	p7
Item 3	Vibraphonic 2010	p7 - 8
Item 4	Animated Exeter 2010	p9 - 11
Item 5	Exeter Respect 2010	p11 - 12
Item 6	Exeter Summer Festival	p12 - 17

2.5 Further details of the breakdown of Exeter Summer Festival 2010 Box Office Sales 2010 is listed in *Appendix 2 – Breakdown of Box Office Sales*

3.0 CONCLUSION

3.1 The review of the festival portfolio indicates that each Festival meets their individual objectives 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 2010.

- 3.2 Progress and key achievements this year are summarised as follows
- Summer Festival achieving national press and significance with Theo Jansen exhibition
 - total attendance at Exeter Summer Festival up significantly from 25,000 in 2009 to 41,000 in 2010
 - Summer Festival commission of innovative Flash Traviata – 4 free performances of opera in city centre
 - 70 hours of free activity – making the festival more accessible to more people
 - successful and effective press and media campaign generating over £70,000 of free publicity for the city
 - Exeter Summer Festival's audience expenditure alone boosted the city's economy by some £492,000 in 2010
 - All festivals are able to demonstrate cross sector partnerships which help to deliver new high profile events
 - Two successful festivals, Animated Exeter and Vibraphonic are now independent companies with the potential for a sustainable future.
 - Exeter Open Studios – entirely led by local visual artists with Officer input
 - Exeter Respect – a cost effective, well run event led by local diverse communities with Officer input.
- 3.3 **Festival Press and Media campaigns**
Arts events provide good opportunities to project the cultural image of the city. Both Animated Exeter and the Summer Festival employed Watershed Media to take on the role of Press and PR. In both instances the company produced extremely effective campaigns, gaining national press and regional TV coverage which help to:
- develop Exeter's profile as an ambitious regional centre for the arts
 - highlight Exeter City Council's leadership role producing a uniquely accessible arts festival
 - generate ticket sales on the run-up to the festival.
- 3.4 In the light of continued financial constraints the festival portfolio remains under review. Members are asked to note and consider the issues on the current festival portfolio raised below:-
- 3.5 **Exeter Autumn Festival** – It is clear from the continued wish of the city's voluntary and community arts groups to remain in the brochure and thus benefit from the festival promotion that the festival remains valued in the community arts sector. In 2010 the City Council has been able to continue to develop exciting and cost effective new events to complement and raise the profile of the community programme through the development of new partnerships. If less funding is available then the focus of any City Council support could be directed solely at supporting the marketing of the festival.
- 3.6 **Exeter Open Studios** – a low risk, cost effective event that is run by a core group of artists but open to all local artists and craftspeople. The event is supported by a small grant as well as limited Officer support. Numbers of participating artists and numbers on the mailing list increase year on year and

the event is an excellent means of highlighting Exeter as a creative city. It is recommended that support for Exeter Open Studios is continued.

- 3.7 **Vibraphonic** – the City Council's funding support is utilised mainly on marketing and the festival has managed with a small reduction in 2010. The funding approved for 2011 is set at £7,000 – half the current level. A further reduction in funding may jeopardise the festival's future and the City Council would lose its branding association with a nationally recognised event.
- 3.8 **Animated Exeter** – is still in the process of developing its board and developing its new independent status. The festival has a new look and a regional focus and is considered to be a progressive and innovative commissioner of work by other key funders. Other public sector funders continue to fund the festival based on the City Council's continued support. The benefits of the City Council support need to be given a chance to be realised. It is recommended that Animated Exeter be given one more year of funding to the current level to enable the festival to find its feet as an independent company.
- 3.9 **Exeter Respect Festival** - a free, outdoor festival run over two days in Belmont Park led by and for Exeter's diverse communities. In addition to providing a small amount of funding, Festival Officers provide a great deal of support with best practice production and management advice. It is recommended that support for Exeter Respect is continued.
- 3.10 **Exeter Summer Festival** – has made a great deal of progress in anticipating and responding to funding difficulties, developing new partnerships, new events, new festival audiences, proving its economic benefit through spend in the city and delivery of an effective press campaign. The economic climate resulted in low ticket sales and inevitably reduced sponsorship. Further revisions will be needed to its structure if it is to continue.
- 3.11 In light of potential budget restraints it may be necessary to consider delivering a new event or series of events that could replace the existing summer festival. The ability to initiate and develop new ways of working has already been proven throughout the management of the current festival portfolio. Delivery of such an event should focus more on cost effective partnerships, innovative press and marketing campaigns to provide a more concentrated programme that continues to raise the city's cultural profile.

4.0 FINANCIAL IMPLICATION

- 4.1 City Council funding for the festivals covered in this report is as follows:

Festival	Budget (£) 2010/11
Summer Festival	100,000
Autumn Festival	13,000
Animated Exeter	20,000
Vibraphonic	7,000
Exeter Respect	2,000
Exeter Open Studios	1,350

5.0 RECOMMENDATION that:

- (1) Members note each of the Festivals met their individual objectives and complied with the measures and budgetary constraints agreed by Economy Scrutiny Committee in March 2010.
- (2) Members note the key achievements and recommendations 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

APPENDIX 1- DETAILED INDIVIDUAL REVIEW OF EXETER FESTIVALS

1.0 AUTUMN FESTIVAL 2009

1.1 The Autumn Festival took place between 30 October and 15 November 2009 and included 64 events which featured a wide range of community, voluntary arts and local promoter led events including theatre, music, poetry, comedy and exhibitions.

1.2 Attendance figures are based on evaluation forms which were completed by nearly all the participating organisations. There were 8 more events, twice as many free events for residents to enjoy, and many more performers. Further details are summarised below in comparison with previous festivals. Audience attendance figures increased from 7594 in 2008 to 12,961 in 2009.

	2009	2008
Number of events	64	56
Number of organisations taking part	42	48
Number of free events	35	17
Number of ticketed events	29	39
Audience totals	12,691	7,594
Artists/Performers	1,142	722
Volunteers	295	170

1.3 Two new participatory events were produced for the festival with the aim of encouraging new audiences:

- Exeter Big Draw – Exeter took part in the National Big Draw event on the opening day of the festival with four selected artists running free ‘have a go’ drawing and animation workshops in key city centre locations. This event attracted over 1500 people.
- Trading Local - Exeter Autumn Festival worked in partnership with Exeter Northcott Theatre and Show of Strength Theatre Company from Bristol to produce ‘Trading Local’ – a unique free theatre project developed to support independent traders along Sidwell Street performing 36 free shows in 15 different shops. The short plays were written by local writers following workshops held in Central Library and St Sidwell’s community centre developed from over 60 submissions received.

Awards

1.4 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

- 1.5 In 2009 the awards were focussed on performances at Exeter Barnfield theatre and 5 award winners benefitted from the free hire and technical support enabling the events to take place. They were the Countess Wear Community Theatre, Devon Racial Equality Council, the City of Exeter Railway Band, Iscappella Singing Club and Young Devon's All Sorts.

Marketing

- 1.6 In order to provide the important local profile for the festival the City Council produced and distributed 55,000 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 festival events and featured articles on highlighted events during the festival. Press releases and listings were also issued to other key Devon media.

Marketing Analysis

- 1.7 Over 93% of the event organisers returned their evaluation questionnaires. The overall feedback was very positive, with 92% who felt there was a clear benefit to being involved in the Autumn Festival, and 85% thought the website and the brochure were good to excellent. Some 71% of the respondents said they would like to take part in future Autumn Festivals.

Finance

- 1.8 The City Council's overall budget for the 2009 festival was £15,000 and the total costs of delivering the festival came to £14,666 as summarised below:

Expenditure	£
Marketing	9,720
Awards	2,480
Events	2,466
TOTAL	14,666

2.0 EXETER OPEN STUDIOS

- 2.1 Exeter Open Studios 2009, which took place in the Autumn Festival on 6 – 8 November, was entirely led by the artists. The number of artists and groups taking part increased from 38 in 2008 to 50 artists and groups in 2009. The event attracted over 4000 visitors over the three days compared to 3000 visitors in 2008. The event previewed with a popular fundraising auction of postcard sized work donated by participating artists. Overall artists went on to sell over £25,000 worth of work during the three day event.

3.0 VIBRAPHONIC 2010

- 3.1 Vibraphonic 2010, took place between 5 – 21 March and marked the third 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.

Programme

- 3.2 Key achievements for 2010 included 25 main ticketed events showcasing the Vibraphonic mix of eclectic and non mainstream music featuring artists of

international and national renown.

- 3.3 The ticketed events at the festival achieved 71% capacity (up from 64% in 2009) with an attendance of 5734. There were 12 education events, of which 6 were free entry attracting 140 participants. The popular Jack to Phono programme, a free programme of music in 10 different venues across the city, widened the festivals' venue base reaching more than 1000 music fans. The festival commissioned two exhibitions, Sight Lines a series of public performances and visual events staged by artist Volkhardt Mueller and a photographic exhibition by Simon Hammett. The festival combined the efforts of 30 different promoters, businesses and organisations

Marketing

- 3.4 The festival's media partner was Phonic FM providing relevant radio coverage to the local audience and 20,000 brochures were printed and distributed in the city and throughout the region. In addition a further 10,000 flyers and postcards to market specific events were distributed. The festival website had over 146,000 hits between January and April 2010, an 80% increase year-on-year.

Analysis

- 3.5 Evaluation collated from 442 audience surveys from 12 different events across 4 venues showed that 36% had heard about the event through word of mouth, 28% via the brochure, 22% from posters and flyers, and 14% from radio and other media. Of the respondents 65% were from Exeter and 29% the rest of Devon, with 6% from outside the region and with 52% as new attendees. Overall satisfaction with the festival was very high at 98%, for brochure, quality and value for money. The average spend per head including the ticket was £25, therefore ticketholders (5734) brought an estimated expenditure of £149,084 into the city.

Finance

- 3.6 The contribution of the City Council is limited to its grant of £14,000. 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 Vibrasonic. 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 £188.

Expenditure		Income	
Marketing	8,070	Exeter City Council	14,000
Programming	1,261	Workshop income	20
Co-ordinators	4,500	Surplus b/f	299
Admin	300		
Total	14,131	Total	14,319

4.0 ANIMATED EXETER 2010

- 4.1 Animated Exeter became an independent company, Animated Exeter Ltd, a company limited by guarantee, in January 2010, just prior to the 2010 festival. The company has a Board of Directors who come from a range of animation or film backgrounds, including a producer, an animation lecturer from the University of Falmouth and the Director of Phoenix Digital. The City Arts Officer attends Board meetings in an advisory capacity.
- 4.2 The two week programme for Animated Exeter 2010 took place 8 -20 February

2010; the first week 8 -12 February was schools week which was followed by eight days of public screenings and events coinciding with the local school half-term. Overall attendance figures were up in 2010 with a total of 18,440 compared to 16,616 in 2009.

- 4.3 The core aims of the festival are to excite and inspire young people; encourage and foster talent and showcase high quality animation.

The 2010 Programme objectives were to:

- develop new cinema audiences and greater public interest and appreciation of animation film particularly amongst children and young people by offering a new festival experience: the three day *Essential Weekend*
- train students and teachers and develop specialist animation training for young people
- provide public access to the creative processes, forging links between those in the industry, professional animation artists, students and those who wish to develop a non-professional interest in animation;
- include work and events of local, regional and national significance; raise the profile of the industry in the South West, nationally and internationally.

Festival Commission

- 4.4 Animated Exeter made a successful application to Grants for the Arts to produce a one off site specific commission, 'Broadsided!' a large scale projection on Exeter Castle – the artwork was by US animator, Rose Bond, and was her premiere in the UK. The piece was well received by its audience, Arts Council and local media and has inspired a further application to Grants for the Arts for a new commission in 2010.

Essential Weekend

- 4.5 This innovation offered festival goers the opportunity to buy a weekend 3 day pass, to provide a more intense experience. This was deemed successful with no loss of audience numbers. Essential Weekend ticketholders were able to attend the Careers Day, films and networking events, followed by two days of back to back screenings from 10am – midnight and events, including the Awards event on Sunday. The festival will continue to offer a weekend ticket in the future.

Screenings

- 4.6 **International and UK film programme**

Numbers attending the specialist film programmes at Exeter Phoenix, including the Children's International Film programme, were up on 2009. A total of 164 films were shown at 21 screenings compared to 2009's 110 films. The total audience for the specialist films was 1142, 16% higher than last year's figures of 962.

Regional Competition Screenings

- 4.7 Animated Exeter runs several regional and national animation competitions including:
- The *ExAnimation* competitive screening of animations made in South West by under 18 year olds, attracted only 15 films (compared to 2009's 37 submissions) of which 14 were selected for screening and were shown separately at Exeter Phoenix (audience 74) and the Barn Cinema, Dartington (19).
 - *Best of the West*, for students from South of England and South Wales, attracted 118 viewers, the highest numbers for a screening at the festival.

A total of 36 films were entered, of which 16 were selected. The winner was 'Noesis' by Sophie Klevenow, an MA student at the University of the West of England.

- *Screen Out Loud*, attracted 30 films of which 17 were selected. The competition was open nationwide for the first time, for independent filmmakers in the British Isles over 18 years old. The screening attracted 59 viewers. The winner was *Mother of Many* by Emma Lazenby (the film went on to receive the BAFTA for short animation the following week).

Events

- 4.8 Animated Exeter produce a range of different events throughout the festival to highlight different aspects of the animation industry, to encourage and provide young people with opportunities to explore career options:
- *Careers day* is targeted at students and young people, with panel discussions and screenings from the industry, giving individual experience and professional tips and advice. A total of 456 tickets were sold making 2010 the best attended Careers Day.
 - *One Minute Pitch* allows young people to receive instant constructive criticism of their work in front of an audience, this proved to be one of the most popular events, bringing in the festival's biggest Careers Day audience, 152, for a single event.
 - *Meet the Professionals* – networking event with drinks
 - *The BAFTA nominated short animations* was enhanced by a visit by Emma Lazenby, director of one of the films: *Mother of Many*, who did a Q&A.

Workshops

- 4.9 Animated Exeter's festival workshop programme remained popular with a total of 1252 people attending public workshops in Exeter Phoenix, Exeter Central Library, Spacex. An estimated 900 people attended the free drop-in workshops held in Exeter Central Library which offered open access basic animation to all ages. Additional bookable workshops in Exeter Phoenix Digital and Spacex also reached capacity.

Education

- 4.10 Animated Exeter employed an education co-ordinator in 2010 with the brief to increase the reach of the festival's delivery in the region. In total 397 school pupils ranging from 7 – 18 years of age attended 29 workshop sessions. The *Youth Futures* programme for 14 – 19s started working in two new schools in Cirencester and Penryn.

Exhibitions

- 4.11 2 exhibitions were featured in the festival programme:
Kinetica at Exeter Phoenix attracting around 13,000 visitors
Emily Wardill's 'Gamekeepers Without Game' at Spacex attracting 711 visitors.

Marketing

- 4.12 To recognise its new independent status, Animated Exeter worked with a new designer to create a new look for the festival including the design of a new website. Some 25,000 brochures were printed and distributed across the South West to increase awareness across the region including North and East Devon, Plymouth, Bournemouth, Poole and Falmouth. The use of Facebook is being developed as a promotional tool. A targeted advertising campaign also focussed

on local cinema publications, animation magazines and Primary Times.

Analysis

- 4.13 Overall Festival attendance figures show an increase of 1826 compared to 2009 (16,614).

	Number	Attendance
Events	16	1,798
Schools sessions	29	397
Public workshops	26	1,252
Public screenings	21	1,142
Exhibitions	2	13,851
TOTAL		18,440

Finance

- 4.14 The total cost of delivering the festival came to £116,209. The budget shows a surplus of £6765 from ticket sales which is being carried forward to Animated Exeter 2011. The new company will wisely be aiming to create a small reserve against unforeseen financial pressures.

Expenditure	£	Income	£
Marketing	16,774	Sponsorship	2,000
Exhibitions	3,747	Grants	77,400
Commission	20,769	Exeter City Council grant	20,000
Projects/education	10,550	Other grant income bought forward 2008/09	16,809
Film	6,672	Sales	6,765
Overheads	6,090		
Staffing	51,607		
TOTAL	116,209	TOTAL	122,974
Surplus: £6765			

5.0 EXETER RESPECT FESTIVAL

- 5.1 A two day, free outdoor festival held on 5 and 6 June 2010 in Belmont Park. Exeter Respect is run by a voluntary board which is made up of interested people from the local community and aims to ensure they are representative of Exeter's diverse community. The festival runs three music stages, a children's area with workshops and other activities and has a wealth of craft, food and information stalls.
- 5.2 Since moving to Belmont Park in 2009, the festival has increased in size and in 2010 attendance figures exceeded 5000 per day. The move to the park has made the event more accessible and this is reflected by the increased participation of diverse communities, both as performers, stall holders and audience.
- 5.3 Festival Officers attend the board's planning meetings in an advisory capacity and have been instrumental in ensuring that the move to Belmont Park was smooth and the event production is run under best practice, adhering to all health and safety regulations.

SUMMER FESTIVAL 2010

6.0

Programme

- 6.1 The festival featured over 45 different events, including 11 free events. Free Festival produced highlights included Exeter's first celebration for National Armed Forces day including three days of Living History events in Northernhay Gardens, the public presentation of the Theo Jansen Strandbeest sculpture in Princesshay, the festival commission of New Devon Opera to perform excerpts from La Traviata in four city centre locations and also the finale Party in the Streets.
- 6.2 It is estimated that the free events in the festival, attracted an additional audience of some 33,000 people to the festival of which some 27,000 can be attributed to the festival's direct promotions. Other free events, such as Exeter Craft Festival, Exeter Regatta and the Dragon Boat Challenge, which are included in the festival programme, benefit hugely from the festival's profile in terms of increasing their audiences numbers and festival press promotion.

Economic Benefit

- 6.3 Combined attendance of ticketed (8,642) and free events (33,000) shows that some 41,000 people came to Exeter Summer Festival (please see Appendix 2 for ticket sales breakdown). Based on a conservative average additional spend of £12 per person indicated by the results of evaluating 190 feedback forms, it is estimated that some £492,000 was spent in the city by audiences during the Summer Festival period.

Co-Promotion

- 6.4 As in 2009 the festival worked in partnership with the city's four key venues, Exeter Phoenix, Exeter Northcott Theatre, Exeter Corn Exchange and Exeter Barnfield Theatre to produce the core programme of non-classical music, dance, theatre, comedy and spoken word whereby each venue was subsidised by the festival to a fixed amount. These co-promotions give the venues a vested interest in the festival and minimise risk to the festival budget. Working in this way also allows the festival team to maximise their limited resources and focus on their area of expertise - developing audiences, site specific and large scale outdoor events, the delivery of the classical programme and the overall marketing of the festival.
- 6.5 The Festival Steering Advisory group agreed the following subsidies in 2010

Venue	Festival Fixed Subsidy	Subsidised shows	Total events included in festival programme
Exeter Northcott	£4,000	6	6
Exeter Phoenix	£4,200	7	7
Exeter Corn Exchange	£2,800	5	8
Exeter Barnfield Theatre	£1,800	4	4
Spacex	£2,000	1	3 days

Exeter Northcott

- 6.6 Exeter Northcott was in administration leading up to and during the Summer

Festival period. Nevertheless the Summer Festival supported four of the original seven co-promotions originally proposed by Exeter Northcott in order to help maintain the activity of the theatre until its future became clearer.

Direct promotions

6.7 A series of 8 classical concerts and one popular music concert, The Glenn Miller Orchestra, were programmed directly by the festival both at Exeter Cathedral and also at other smaller church venues, St David's and Southernhay United Reformed Church. A total of 2629 tickets were sold for the classical programme, representing 31% of overall Festival ticket sales and just over 50% of potential gross sales for the Classical series. (Please see Appendix 2 for ticket sales breakdown)

6.8 The breakdown of ticketed concerts across direct and co-promotions was as follows:

Type of performance	2010 - 41 Events	2009 - 45 Events
Classical Music	11	10
Jazz/world/	8	4
Folk/Popular Music	4	8
Comedy/cabaret	9	6
Dance/Ballet	2	2
Spoken Word	2	2
Family/Children's events	2	5
Theatre	1	2
Children's theatre	2	6

Box Office and Ticket Sales

6.9 The main Festival Box Office was run by Exeter Phoenix. Exeter Northcott, Exeter Barnfield Theatre and Exeter Corn Exchange also sold tickets for their festival programmes. Total combined sales of direct and co-promoted events, including direct venue sales, were 8,642 compared to 10,799 in 2009.

6.10 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 (these figures do not show bar income):

Venue	Profit/(loss)
Exeter Northcott Theatre	(£2007)
Exeter Phoenix	£848
Exeter Corn Exchange	£5240
Exeter Barnfield Theatre	(£1732)

6.11 Exeter Northcott's loss can be accounted for, to a certain degree, by the uncertainty felt by the public regarding the venue and guarantee of performances proceeding, despite positive messages being sent out to the contrary. Although the theatre made a loss, Exeter Barnfield, remains committed to involvement in the festival as a means of introducing new audiences to the theatre and building up its reputation.

Working in Partnership across the city

- 6.12 In addition to developing the collaborative partnership with key city venues (Exeter Phoenix, Exeter Northcott Theatre, Exeter Barnfield Theatre and Exeter Corn Exchange) the festival has :
- established a new ongoing partnership with Spacex which ensured the Festival involvement in the high profile Theo Jansen project - the first visual arts partnership for the festival.
 - continued to develop marketing partnerships with Exeter Craft Festival, Exeter Regatta and Exeter Cathedral concerts benefitting those organisations by inclusion of their events in the 60,000 printed festival programmes and in additional print for free events.
 - developed a new ongoing partnership, and thereby a new event, with Exeter City Football Club who produced a fund raising evening in Rougemont Gardens making use of the production infrastructure and professional event support of Exeter Summer Festival.
 - developed working partnerships with Exeter Radio stations which resulted in each local station compering the three live stages during the festival finale; Heart Live Music stage in Rougemont Gardens; Exeter FM and Dance in Devon dance stage in Princesshay; and Phonic FM's DJ stage in Exeter Castle, which led to Phonic FM's first live outside broadcast.

Free Events

- 6.13 The Exeter Summer Festival, backed by the Festival Advisory Steering Group, made a conscious decision to programme over 70 hours of free activity in the 2010 festival including 3 key festival produced or supported highlights:
- **Celebration of National Armed Forces Day**
3 days of free Living History re-enactments (including 1 schools day) in Northernhay and Rougemont Gardens (4000 visitors); Aftermath , a visual art exhibition at Exeter Castle by two local artists raising the profile of Post Traumatic Stress (2,700 visitors); a City Centre parade featuring representatives from all the armed forces past, present and future led by the Royal Marines Band with the Deputy Lord Lieutenant of Devon and the Lord Mayor of Exeter taking the salute followed by Beating the Retreat performed outside Exeter Cathedral (2000).
 - **Theo Jansen Public Installation**
Dutch artist Theo Jansen installing his internationally acclaimed work into the heart of Princesshay for three days of a public presentation which coincided with an exhibition of his work in Spacex. The increased accessibility of the sculpture to Exeter residents and visitors led to over 15,000 people seeing and interacting with the sculpture – Princesshay recorded a footfall of more than 19,000 on one day in the period.
 - **Festival Finale**
The Summer Festival commissioned a unique, high profile Flash Traviata performance by New Devon Opera – a first for the company and a first for Exeter - Four seemingly random free performances of excerpts from La Traviata in different busy city centre locations on the final Saturday of the festival, which attracted over 1500 audience members who stopped to listen and reached thousands more.
 - **Party in the Streets**
attracted over 4000 people and used Exeter Castle, Rougemont Gardens, High Street and Princesshay with three live stages, street theatre, food stalls, bars and culminating in a spectacular finale firework display

Marketing

- 6.14 A total of 60000 32-page brochures were produced with 10,000 copies sent to the Summer Festival mailing list and a further 4000 mailed to Exeter Northcott's mailing list. The remaining 46000 brochures were distributed to around 600 targeted locations throughout Exeter and the sub-region.

The Festival also produced some 10000 additional flyers to promote the classical programme and the free family events, including the Armed Forces weekend, Finale Party in the Streets, Exeter Craft Festival, and the Theo Jansen installation.

Analysis of Summer Festival Web Page hits

- 6.15 In the seven week period from 24 May to 11 July 2010 the Summer Festival website received 21,199 visitors, representing a 30% increase on figures for 2009. A significant number of people booked tickets via the link to the Exeter Phoenix box office. The most popular pages were the Calendar (21,088), Main Menu (14,842) and Free Events (9,177).

Press and PR

- 6.16 Watershed PR were employed by Exeter Summer Festival to undertake a focused campaign targeting regional, national and specialist publications, television and radio. A targeted media campaign ran from April to June 2010 which 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.

The campaign achieved:

- 6 TV pieces (ITV West Country /BBC Spotlight)
- 27 Radio interviews
- 34 full page regional newspaper and magazine articles
- 2 National newspaper articles
- 12 items of PA newswire
- 32 website pieces (e.g. BBC online)

The successful campaign generated over £70,000 worth of free publicity for the city.

Postcode Analysis

- 6.17 The post code analysis from Exeter Phoenix Box Office shows that 43% of ticket purchases made via the Phoenix Box Office were purchased by City residents. The remaining 57% were purchased by visitors to the city. A further 2,453 tickets were sold directly by the venues (Exeter Northcott, Exeter Corn Exchange and Exeter Barnfield Theatre, bringing total sales to 8,642.

Postcode	No of Customers	Tickets purchased
EX1-4	855	2733
EX5 – 8	299	1033
EX15-18	164	480
EX9 -14, EX24	155	491
TQ12 - 14	155	517
Rest of TQ	74	218
EX19	53	147
PL1 -12,18-21	51	351
TA1 - 24	38	92

London	14	40
Rest of PL	10	14
BH3-4	10	32
TR1 - 27	9	15
Cardiff (CF)	4	10
Gloucester GL	3	6
Oxford	2	4
East Sussex	2	4
Scotland	1	2
TOTAL	1899	6189

Financial Overview

- 6.18 The festival budget shows a deficit of £4732 which can be attributed to a combination of low ticket sales and the festival having to unexpectedly take over the responsibility for costs of the National Armed Forces Day Celebrations. As a result of the continued economic downturn the level of sponsorship is lower than previous years at £16,600.

Expenditure	£
Venue Hire	11,770
Co-promotion subsidy	14,800
Staging	46,235
Marketing	26,355
Box Office commission	4,859
Artist Fees	66,244
Hospitality	1,073
PRS	380
Insurance/cleansing	1,332
	173,048
Income	
Sales	51,716
Sponsorship	16,600
ECC	100,000
	168,316
Surplus(Deficit)	(4,732)

APPENDIX 2

EXETER SUMMER FESTIVAL REVIEW – BOX OFFICE SALES BREAKDOWN –
 *indicates concerts/performances subsidised by the festival budget

Venue	Show	Phoenix Sales	Venue Sales	Total sales
Exeter Phoenix	Martin Carthy	450	Event	450
			Postponed	
	Phil Hammond	208	-	208
	The Congo	133	-	133
	Allstars*			
	Curious Theatre*	88	-	88
	Django a la	210	-	210
	Creole*			
	Breakestra*	298	-	298
Maceo Parker*	450	-	450	
Venue totals		1,837	0	1,837
Exeter Corn Exchange	Comedy 1	120	137	257
	Comedy 2	106	148	254
	John Hegley	107	82	189
	Kenny Ball*	217	188	405
	Expression	166	-	166
	Cubana*			
	The Animals*	232	181	413
	Arthur Smith	184	163	347
	James Taylor	71	74	145
	Quartet*			
Venue Totals		1,203	973	2,176
Exeter Barnfield	Little Leap	17	54	71
	Forward x 2*			
	The Knicker Lady*	107	131	238
	Clare Teal*	84	167	251
	Ella Edmondson*	52	47	99
Venue Totals		260	399	659
Exeter Northcott	Love and War*	23	155	178
	Poetry Party*	0	13	13
	Sundowners & Sonnets*	12	40	52
	The World's Wife*	55	96	151
	Giselle x 2*	112	627	739
	Barbershopera II*	58	150	208
	Venue Totals		260	1,081
Festival Classical Concerts	Glenn Miller*	562	-	562
	English Concert*	453	-	453
	Philharmonia*	654	-	654
	Alexandra	175	-	175
	Dariescu*			

	Vlad Maisterovici*	150	-	150
	Emma Johnson & Harpham Quartet*	324	-	324
	Schubert Ensemble*	221	-	221
	Barbirolli Quartet*	90	-	90
Venue Totals		2,629	0	2,629
FINAL TOTALS		6,189	2,453	8,642

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY

11 NOVEMBER 2010

CAPITAL PROGRAMME MONITORING

1. PURPOSE OF REPORT

- 1.1. This report advises Members of the latest position with regard to the 2010/11 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 2010 with Appendix 1 containing a complete list of capital projects.
- 2.2 Since the 2010/11 capital programme was approved, Central Government has announced a tightening of public sector spending over the next few years. Whilst the implications of this for the Council remain uncertain, it will inevitably put significant pressure on budgets. Setting a capital programme which is affordable and sustainable over the next few years will therefore become increasingly important.
- 2.3 In the light of this situation, officers have considered it prudent to review the current capital programme, to identify where savings and reductions might be made, and to consider whether some schemes could be deferred, reduced or removed from the programme.
- 2.4 At this stage, schemes which have not yet been committed have mostly been put on hold until the review is complete and can be considered fully. Schemes which are largely funded from external sources, schemes which are expected to generate revenue savings, and works which are considered to be urgent, will be largely unaffected.
- 2.5 This process was reported as part of the first quarter's capital monitoring report to the meeting of Executive on 29th September 2010. In due course, a further report will be presented to the Executive for consideration. Meanwhile the main effects on the Economy and Development capital programme are:

- **Canal Basin**

It is estimated that expenditure of £200,000 will be incurred in 2010/11 on the current work programme and commitments. The cost of this development is largely financed from capital receipts and section 106 contributions, with elements of the scheme being delivered as and when receipts are generated.

At the beginning of the year, receipts of £612,000 were forecast although none have been generated so far this year, and there remains some uncertainty at this time of what may be forthcoming. The remaining balance of the budget of £649,850 will therefore be deferred to 2011/12 at this stage.

Progress to date with the project is set out in the table in Appendix 1.

- **City Centre Enhancements**
The forecast spend for 2010/11 is £270k. A further £40,000 is committed for work at Sidwell Street in 2011/12, leaving a remaining budget of £116,000, which it is proposed should be reconsidered as part of the 2011/12 budget exercise.
- **King William Street Car Park**
The car park refurbishment is being undertaken this year at an estimated cost of £223,000, with the balance of £200,000 to be carried forward for works to Sidwell Street next year (£40,000 of which has already been committed).
- **Central Station**
This is a joint City Council and Devon County Council concept design which has been agreed in principle with Network Rail. Devon County has deferred its contribution of £75,000 towards the scheme to 2011/12 whilst discussions continue with Network Rail and train operators about potential funding contributions from the National Stations Improvement Programme which is backed by the Department for Transport.

It is proposed that this scheme be reconsidered as part of the 2011/12 budget exercise.

- 2.6 The £200k budget for planned improvements to **Cowick Street** was frozen after the collapse of the Icelandic banks. Reinstatement of this scheme in the capital programme will be considered as part of the budget setting process for 2011/12.

3 RECOMMENDATION

- 3.1 That Members note the contents of this report.

Ross Hussey
Projects and Business Manager

Roger Coombes
Head of Operational Services and Transport

ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government Act 1972 (as amended)

Background papers used in compiling this report:-

None.

CAPITAL PROGRAMME 2010/11

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Project	Code	Lead officer	Budget 2010/11 £	Spend to 30 Sept (excludes capitalised staff costs) £	Internalised staff costs £	Commitments (ie value of orders raised, not yet paid) £	Budget 11/12 £	Beyond £	Value of estimated Deferred Expenditure into 11/12 £	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 & continued activity on water)</i>	Z1139	MC	849,850	159,871	10,055	18,809	680,530						The new road/ car park/ boat storage area has been constructed and is now in use (certain works are required to facilitate boat storage in the winter and these are under consideration). 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 a development agreement for the site adjoining Maclaines Warehouse are also in progress.
Central Station	Z1108	RPS (Chris Westlake)	100,000	0	0		100,000						Budget unlikely to be spent this year. (DCC confirmed it is deferring its £75k contribution to 11/12.: Other potential funding (NSIP) being sought from discussions with Network Rail & Train
City Centre Enhancements	Z1116	RPS (Chris Westlake)	426,160	26,842	0	27,478	200,000	400,000					£270,000 likely to be spent in 2010-11 (Gandy Street, Northernhay Gate, Holloway St Mural, St Peter Replica, Rougemont Gardens access). £40,000 committed to Sidwell St in 2011-12.
Conservation Area Enhancements	Z1183	RPS (Kathy Metcalfe)	5,460	0	0								No applications pending.
Corn Exchange Improvements	Z1131	MC	130,040	29,106	0								The contract for the provision of refurbished toilets is now well advanced . Any residual monies will be used to carry out further prioritised works.
Corn Exchange - Haystack lantern	Z1216	MC	40,000	468	0								Work to begin shortly
National Cycle Network	Z1107	DH	60,700	48,692		23,373							Work continues for DCC and they are invoiced for full costs. Scheme recently completed are links from Exe Estuary Trail to Exminster, and King George V Playing Fields.
Fore St, Heavitree - Environmental Enhancement	Z1105	RPS (Paul Osborne)	1,000	0	0								Scheme complete.
Floodlighting	Z1156	RPS (Andy Pye)	1,120	0	0								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	MC	3,240	0	0	785							Monies retained to fund environmental consultant if land transfer proceeds.
18 North Street Panelling	Z1106	RPS (Andy Pye)	2,720	0	0	2,444							Panelling has been reinstalled; some publicity and interpretation material remains to be completed.
Planting Improvements in Riverside Valley Park	Z1408	RPS (Paul Osborne)	14,250	0	0								Budget (s106) carried forward from 2009/10. Awaiting agreement from EA on likely works in this area. Unlikely to be carried out in 2010-11.
Quay House Visitor Centre Improvements	Z1135	RB	40,810	30,225	0	1,595							Works virtually complete. 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	336	0								No expenditure last year but have a small amount of work to do this year.
Science Park	Z1150	RB	818,700	56,970	0								Full investment to be transferred into the development fund before March 2011.
Signage	Z1117	RPS (Paul Osborne)	12,780	120	69								£11,058 committed for 3 fingerposts. Installed and payment pending. Retain remaining £1,500 for minor works to monoliths - replace signs showing museum reopening or as possible contribution to Cathedral Yard signage.

CAPITAL PROGRAMME 2010/11

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Project	Code	Lead officer	Budget 2010/11 £	Spend to 30 Sept (excludes capitalised staff costs) £	Internalised staff costs £	Commitments (ie value of orders raised, not yet paid) £	Budget 11/12 £	Beyond £	Value of estimated Deferred Expenditure into 11/12 £	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)
Walking Strategy	Z1133	DH	13,750	2,248									Small scheme this year for the Exwick Loop (Hamlyn's Lane)
Well Oak Footpath / Cycleway	Z1193	RPS	80,000	0	32								Awaiting developer - not yet signed s106. Carry forward to 2011-12.
King William St Car Park Refurb	Z1201	RDC (Steve Carnell)	423,000	6,535	13,614	46,678							Works to car park to be implemented 2010-11. Works to Sidwell St to be implemented 2011-12 - carry forward £200,000.
Contribution to Skypark CHP Plant	Z1239	KH	100,000	100,000	0								ECC Contribution towards CHP plant now paid - required to support wider £4m infrastructure for development at Skypark & Cranbrook jointly funded by various partner Agencies.
Church Hill, Pinhoe	Z1240	DH	100,000	2,803	0	6,330							Surface water grant scheme. Survey work done; design options being assessed.
Mincinglake / Northbrook Study	Z1242	DH	0	21,837	0	16,370							£120,000 scheme funded by Environment Agency Awaiting written approval from the EA.
Unadopted Land at Exwick	Z1179	DH	0	35	510								Principally internal design costs.
Total			3,226,830	486,088	24,440	143,862	980,530	400,000	0		0		

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 11 NOVEMBER 2010

ECONOMY SCRUTINY STEWARDSHIP TO SEPTEMBER 2010

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 2010/11.

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 2010 compared with the approved annual budget.

- 2.2 During this period the total of the variances indicate that the overall net expenditure for this committee will decrease by £265,170. This includes supplementary budgets of £21,610. 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.

- 2.3 The budgets for 2010/11 included a provision of 0.7% for the pay award. The current position is that Local Government Employers have not offered a pay award for the current year.

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

	£
2010-2011 REVISED ESTIMATE Less NOTIONAL CHARGES	390,480

83A1 PROPERTY & ESTATES SERVICES	(28,490)
---	----------

Property income is lower than expected at various properties due to a general increase in void periods and downward pressures on rent levels across the portfolio.

The under recovery of income has been offset by a saving on employment costs due to the revised management structure within Estates Services.

83A2 TRANSPORT/CONCESSIONARY FARES	(5,400)
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A saving is expected on the contract for maintenance of bus shelters; this saving will be partially offset by additional expenditure required in respect of the concessionary fares scheme for 16 to 18 year olds.

83A3 CAR PARKING	(103,420)
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A saving on employee costs will be made due to a number of vacant posts within the Management Unit. Additional savings are expected on the budget in respect of security at the Matford Park & Ride Car Park.

Income from off street car park fees is above the budgeted income figure as at 30 September 2010. Additional income is expected in respect of rental of car park spaces; this additional income will be partially offset by income from Car

Park Investment properties being less than budgeted.

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

83A5	FESTIVALS & EVENTS An overspend is expected on the Summer Festival primarily due to unanticipated costs for one of the free events	6,940
83A6	TOURISM A saving on employee costs will be made due to a member of staff reducing hours. Income is expected to exceed the budget at Exeter Visitor Information Centre	(14,380)
83A8	DISTRICT HIGHWAYS & FOOTPATHS Savings are anticipated on electricity costs in respect of Street Lighting The recharge from the Engineering and Construction team for works in this area will be less than the budget	(16,240)
83A9	BUILDING CONTROL The expenditure on car mileage allowances and essential user lump sums will be less than the budget	(6,410)
83B1	LAND DRAINAGE The recharge from the Engineering and Construction team for works in this area is expected to exceed the budget	4,000
83B2	ADMINISTRATION SERVICE Employment costs are expected to be less than the budget with savings anticipated on salaries and superannuation.	(15,970)
83B3	DIRECTOR ECONOMY & DEVELOPMENT There will be a saving made on the employment costs within the management unit.	(59,940)
83B4	ENGINEERING & CONSTRUCTION A saving will be made on employee budgets due to a number of vacant posts in the management unit. Additionally, savings are anticipated on Software licences and transport costs. Income budgets within the management unit are expected to fall short of the annual budget; mainly due to the loss of work in respect of the Pell Frischmann contract and work undertaken on Capital schemes	(13,520)
83B5	PLANNING It is anticipated that planning fee income will be below budgeted levels by the end of the year; this will be partially offset by additional income from legal costs. A significant part of the planning expenditure is funded by Planning Delivery Grant. No grant will be received in	58,230

2010/11. However the expenditure in this financial year will be funded from the earmarked reserve at the year end.

83B7	ARCHAEOLOGICAL FIELD UNIT Work in Progress brought forward from the previous financial year will be written off in the year as the amounts are no longer able to be recovered.	24,570
83B9	MARKETS & HALLS A saving will be made on salary costs due to the revised management structure within Estates Services, this will be partially offset by an expected overspend on casual staffing. Income at the Matford Centre is expected to exceed the budget due to an increase in livestock sales, car storage, and income from leases. Sunday Markets income is expected to exceed the budgeted figure; this additional income is partially offset by City Centre Market and Car Auction income falling short of the budgeted figures. Cleansing charges in respect of the Matford Centre will exceed the budget. Exeter Corn Exchange income is anticipated to be higher than budgeted due to increased events and lettings and other income associated with these events.	(73,320)
83C1	WATERWAYS An overspend is expected on various Canal maintenance budgets. Works undertaken by the Engineering and Construction team on the Canal and River Exe will result in an overspend on the budgets in this management unit. This additional expenditure will be partially offset by additional income in respect of Canal Licences and various other income budgets within the management unit.	3,800
2010-2011 EXPECTED FINAL OUTTURN		125,310
ADDITIONAL UNBUDGETED RESERVE TRANSFERS		14,600
EXPECTED TOTAL NET EXPENDITURE		139,910

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:

None

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**SCRUTINY COMMITTEE - ECONOMY
STEWARDSHIP**

APRIL 2010 TO SEPTEMBER 2010

ANNUAL BUDGET	SUPPLEMENTARY BUDGET	NOTIONAL CHARGES***	REVISED BUDGET	CODE		CURRENT OUTTURN FORECAST	FORECAST VARIANCE
£	£		£			£	£
(2,701,520)	0	(18,440)	(2,683,080)	83A1	PROPERTY & ESTATES SERVICES	(2,711,570)	(28,490)
1,797,110	0		1,797,110	83A2	TRANSPORTATION/CONCESSIONARY FARES	1,791,710	(5,400)
(2,992,530)	0	111,890	(3,104,420)	83A3	CAR PARKING	(3,207,840)	(103,420)
782,490	0	(11,450)	793,940	83A4	ECONOMIC DEVELOPMENT	794,440	500
281,010	0	(3,610)	284,620	83A5	FESTIVALS & EVENTS	291,560	6,940
529,240	0	(3,140)	532,380	83A6	TOURIST INFORMATION	518,000	(14,380)
26,000	0		26,000	83A7	ARCHAEOLOGY IN EXETER	26,000	0
387,930	0	139,340	248,590	83A8	DISTRICT HIGHWAYS & FOOTPATHS	232,350	(16,240)
72,040	0	(8,500)	80,540	83A9	BUILDING CONTROL	74,130	(6,410)
120,540	0	6,070	114,470	83B1	LAND DRAINAGE	118,470	4,000
0	0	(4,510)	4,510	83B2	ADMINISTRATION SERVICE	(21,270)	(25,780)
0	0	(6,300)	6,300	83B3	DIRECTOR ECONOMY & DEVELOPMENT	(53,640)	(59,940)
0	0	(12,640)	12,640	83B4	ENGINEERING & CONSTRUCTION SERVICES	(880)	(13,520)
1,577,450	0	(33,640)	1,611,090	83B5	PLANNING SERVICES	1,669,320	58,230
92,480	6,300	5,860	92,920	83B6	CONSERVATION	92,920	0
108,000	0	(17,220)	125,220	83B7	ARCHAEOLOGICAL FIELD UNIT	149,790	24,570
0	0		0	83B8	MAJOR PROJECTS	0	0
82,760	15,310	12,560	85,510	83B9	MARKETS & HALLS	(4,120)	(89,630)
396,570	0	34,430	362,140	83C1	WATERWAYS	365,940	3,800
0							
559,570	21,610	190,700	390,480		NET EXPENDITURE	125,310	(265,170)

*** Includes:

Capital Charges

FRS17 Pension Costs

Reserve Transfers

Additional unbudgeted transfer from Local Development Framework Reserve	(5,400)
Additional unbudgeted transfer to Planning Delivery Reserve	34,500
Transfer from LABGI Grant Reserve	(14,500)

OVERALL FORECAST EXPENDITURE FOR THE YEAR AFTER MOVEMENTS TO/FROM RESERVES **139,910**

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EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
11 NOVEMBER 2010

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

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 is scored on the basis of 1 (low) to 4 (high), and the resulting total is expressed as either High, Medium or Low.
- 3.2 The latest review has resulted in the following risk changes that relate to this Committee:

6. Environmental

- **Flooding** – increased from Low to medium due to the climate change assessments that suggest the likelihood of more events in future

6. Environmental

- **Topsham lock** – New – Medium risk due to the leak from the canal under the lock pit into the river could cause a collapse of the canal bank & towpath

8. Financial

- **Boats using the canal** – New to this committee – Medium risk due to third party accidents caused by or involving uninsured boats

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 nearing completion for the car parking service

5. RECOMMENDATIONS

That the Scrutiny Committee – Economy

- 5.1 notes the risks relating to its areas and

- 5.2 undertakes ongoing monitoring to ensure that the risk register remains current and risk assessments are valid, that proposed mitigating action is taken by the agreed target dates.

HEAD OF AUDIT

CORPORATE SERVICES DIRECTORATE

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

Background papers used in compiling the report:

None

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

6. Environmental													
<p>2. Flooding</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> River Exe overtopping the flood defences Climate change assessments suggest likelihood of more events in future <p>Consequences:</p> <ul style="list-style-type: none"> risk of drowning damage to property displacement of large numbers of people health risks <p>b) Benefits & opportunities:</p> <ul style="list-style-type: none"> Reduction in possible affects of such an event 	4	3	12	<ul style="list-style-type: none"> Major Incident Plan prepared in conjunction with Environment Agency, Devon CC & other district councils Revised response team Flood training provided Emergency response measures in place Environment Agency has raised height of flood barriers in Exwick & detailed flood modelling of River Exe & its tributaries DEFRA funding to carry out flood alleviation work at Pinhoe Considered in climate change risk plans 	4	2	8	M	<ul style="list-style-type: none"> Identify utilities that are vulnerable to flooding Review Council policies in line with the Pitt Report SFRA in place The EA have commissioned consultants to review Exeter's flood defences and will table a short list of options in 2011. EA hope to start construction in 2014 and will look to the government for funding & stakeholders for contributions 	<ul style="list-style-type: none"> Ongoing 	Engineering & Construction Manager	7b	↑
<p>4. Topsham lock</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> The leak from the canal under the lock pit into the river could affect the canal bank/towpath The lock structure could drain the lower length of the canal <p>Consequences:</p> <ul style="list-style-type: none"> A total collapse would cause a rush of water, cause damage & render the canal un-navigable incurring costs & 	4	3	12	<ul style="list-style-type: none"> In the mid 1970s the lock was sheet piled off from the canal, this greatly reduced the flow but not completely Further work has temporarily stopped the leak AIM bid to fund full investigation & repair submitted for work to begin in 2011/12 	3	2	6	M	<ul style="list-style-type: none"> Carry out a site investigation to understand the ground conditions & causes of the leak to allow a repair to be designed Design & implement a scheme to stop the leak Consider bringing the lock back into use 	<ul style="list-style-type: none"> 2010/11 or 2011/12 2011/12 or 2012/13 Ongoing 	Head of Operational Services & Transport		New

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

resulting in loss of income b) Benefits & opportunities: • A working lock would attract visitors													
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7. Managerial/professional

1. Staff sickness a) Risks & threats: <ul style="list-style-type: none"> High or increasing levels of sickness Consequences: <ul style="list-style-type: none"> essential services not delivered adverse effect on service delivery increase in stress/pressure on remaining staff costs of providing cover reputational risk b) Benefits & opportunities: <ul style="list-style-type: none"> Enables efficient service delivery Healthier working environment 	3	3	9	<ul style="list-style-type: none"> Case management introduced Support through alternative remedies Improved statistical information Policies/procedures Managing sickness training Sickness absences monitored by KPG & JCG 	2	3	6	M	<ul style="list-style-type: none"> Continue management of sickness & implement formal action & intervention as appropriate Training & development Continued detailed monitoring Review contract with Occupational Health 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing Oct 10 	Head of Human Resources Relevant Heads of Service	78	⇒
3. Employees' safety a) Risks & threats: <ul style="list-style-type: none"> Serious harm to employees (e.g. visiting officers, front line staff) Consequences:	2	3	6	<ul style="list-style-type: none"> Step Away policy, training & guidance Safe working practices Lone worker guidance Fire risk assessment Door entry system & 	2	2	4	L	<ul style="list-style-type: none"> Training & development Outsourcing of certain functions 	<ul style="list-style-type: none"> Ongoing Ongoing 	Head of Corporate Customer Services Head of	11e	⇒

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

<ul style="list-style-type: none"> essential services not delivered legal action against Council loss of morale deterioration in service delivery reputational risk <p>b) Benefits & opportunities:</p> <ul style="list-style-type: none"> Reduced absenteeism Healthy work environment Compliance with best practice Raise staff morale Good reputation as a caring employer 						<ul style="list-style-type: none"> name badges Bailiff service outsourced Violent persons database developed Security officers appointed Limitations on access to buildings Appointment of Asbestos Safety Adviser Prosecution of offenders where employee safety has been threatened Periodic reminders to staff re: unauthorised access to buildings Provision of counselling 								Human Resources Relevant Heads of Service		
<p>4. Pandemic flu</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> High level of infection cause staff sickness or reluctance to work for fear of contracting illness <p>Consequences:</p> <ul style="list-style-type: none"> inability to deliver essential services adverse effect on all service delivery increase pressure on remaining staff additional costs of providing cover services/businesses 			4	3	12	<ul style="list-style-type: none"> Homeworking for some staff (e.g. Benefits) Business Continuity Plans for services in place Specifically addressed in Cleansing Risk Register Excess Deaths Emergency Plan in place National campaign of health education, use of anti-virals for treatment & vaccinations for prevention Raised awareness of swine flu corporately, with guidance about symptoms, spread, need for hygiene 	3	1	3	L	<ul style="list-style-type: none"> Review of BCPs to ensure robustness & improve where necessary Identification of priority services & measures to ensure support Strengthened awareness raising amongst staff, with corporate guidance on illness procedure (stay home if exhibiting symptoms & seek medical help), to reduce likelihood of transmission Engendering vaccination 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing Ongoing 	Head of Human Resources Emergency Planning Officer Heads of Service	7 8	↓	

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

<p>disrupted (fuel supply, public transport)</p> <ul style="list-style-type: none"> • retail/business affected resulting in drop in car parks' income • diversion of staff to deal with emergency <p>b) Benefits & opportunities:</p> <ul style="list-style-type: none"> • provides opportunity to test BC plans • shows commitment to protect staff, residents & business • reduction in possible effects of such an event 				<ul style="list-style-type: none"> • Emergency planning exercise for Swine Flu held 					<ul style="list-style-type: none"> • Increase preparedness for excess deaths emergency 	<ul style="list-style-type: none"> • Ongoing 			
---	--	--	--	--	--	--	--	--	---	---	--	--	--

8. Financial														
<p>1. Concessionary fares</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> • Disproportionate loss of grant funding in relation to transfer of concessionary travel responsibilities to DCC 1 April 2011 <p>Consequence:</p> <ul style="list-style-type: none"> • Council's overall financial position worsens <p>b) Benefits & opportunities:</p> <ul style="list-style-type: none"> • Council's overall position may improve if transferred funding is 	4	4	16	<ul style="list-style-type: none"> • Monitoring the proposed basis on which grant funding may be redistributed 	4	4	16		H	<ul style="list-style-type: none"> • Respond to any government consultation & ensure Exeter's position is clearly & effectively communicated to Ministers & local MPs & lobby LGA 	<ul style="list-style-type: none"> • Ongoing to Mar 11 	<p>Head of Operational Services & Transport</p> <p>Chief Executive</p> <p>Head of Treasury Services</p> <p>Projects & Business Manager</p>	7	⇒

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

less than total current expenditure													
3. Car parks income a) Risks & threats <ul style="list-style-type: none"> Significant reduction in demand Consequences: <ul style="list-style-type: none"> significant loss of income b) Benefits & opportunities: <ul style="list-style-type: none"> 	3	4	12	<ul style="list-style-type: none"> Strategy formulated to promote Exeter Parking Strategy to be reviewed to maximise opportunities for income generation 	3	4	12	H	<ul style="list-style-type: none"> Promote Exeter as a shopper/visitor destination Quarterly monitoring of car park usage & income Programme of works to attract customers Implement a tariff policy which reflects underlying economic conditions 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing Ongoing 	Head of Economy & Tourism	7	⇒
11. Capital programme a) Risks & threats: <ul style="list-style-type: none"> Capital programme is significantly underspent Failure to deliver approved capital projects Consequences: <ul style="list-style-type: none"> impact on the Use of Resources adverse comment in audit & inspection letter adverse media comment impact of reduced spend in Exeter area b) Benefits & opportunities: <ul style="list-style-type: none"> Reduced spend produces more investment interest 	2	4	8	<ul style="list-style-type: none"> Report to SMT highlighting issues Managers required to accurately profile capital projects Prioritisation of schemes established Additional funding has been provided to help deliver capital programme 	2	3	6	M	<ul style="list-style-type: none"> Capital Programme to be revised after 6 months. This will be approved by SMT/Members & there will be revised target programme More awareness/ training of project management skills for managers 	<ul style="list-style-type: none"> Ongoing Ongoing 	Head of Treasury Services	5 7	⇒
13. Science park a) Risks & threats: <ul style="list-style-type: none"> Company incurs 	3	3	9	<ul style="list-style-type: none"> Regular & transparent monitoring of project & development finances. 	3	2	6	M	<ul style="list-style-type: none"> Senior level overview of company performance. 	<ul style="list-style-type: none"> Ongoing 	Head of Economy & Tourism	5 7 8	⇒

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

significant cost liabilities Consequences: <ul style="list-style-type: none"> loss of investment in the company adverse media & public criticism adverse affect on the Council's reputation adverse affect on jobs & commercial growth 													
14. Boats using the canal a) Risks & threats: <ul style="list-style-type: none"> Third party accidents caused by or involving uninsured boats Consequences: <ul style="list-style-type: none"> possible liability of the Council to meet costs of losses or damages 	3	2	6	•	3	2	6	M	<ul style="list-style-type: none"> Work being undertaken to make possession of third party insurance a compulsory part of the use of the canal & laying up contract 	<ul style="list-style-type: none"> Oct 10 	Head of Operational Services & Transport	3 7	⇒
19. Planning appeals a) Risks & threats: <ul style="list-style-type: none"> Significant award of costs against the Council Consequence: <ul style="list-style-type: none"> adverse effect on the Unit's budget reduction in staffing inability to meet targets & standards 	4	4	16	<ul style="list-style-type: none"> Officers advise Members if potential risk at Planning Committee Treatment of telecom applications amended following recent award 	4	1	4	L	<ul style="list-style-type: none"> Active monitoring of officer reports & any appeals by Development Manager & Planning Solicitor Involvement of members in any decisions to refuse 	<ul style="list-style-type: none"> Ongoing 	Head of Planning & Building Control Head of Legal	7 8	⇒

9. Physical													
2. Business continuity management a) Risks & threats:	4	4	16	<ul style="list-style-type: none"> All units have completed a BCP & assessments agreed by each Director 	2	2	4	L	<ul style="list-style-type: none"> The Council's BCM to be audited against the BSI 25999 standards 	<ul style="list-style-type: none"> 2011 	SMT Heads of	11a	⇒

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

<ul style="list-style-type: none"> Failure to undertake BCM & planning <p>Consequences:</p> <ul style="list-style-type: none"> essential services not delivered vulnerable persons suffer adverse media & public criticism lack of trust in the Council & its managers public health & safety effects adverse affect on staff morale non-compliance with Civil Contingency Act <p>b) Benefits & opportunities:</p> <ul style="list-style-type: none"> Essential services recovered & adverse affects minimised 				<ul style="list-style-type: none"> A BCM team has been identified & allocated responsibilities 							Service Head of Audit		
<p>3. Income, assets & buildings</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> Major loss or theft of assets & income Major fraud Intrusion or fire Theft/loss of valuable artefacts <p>Consequences:</p> <ul style="list-style-type: none"> essential services not delivered loss of priceless/ 	4	4	16	<ul style="list-style-type: none"> Maintenance of appropriate insurance cover Business continuity plans Internal Audit undertake systems based audits of all major systems & test these annually Periodic reviews of inventories Photographic evidence of buildings/artefacts 	3	1	3	L	<ul style="list-style-type: none"> Review alarm systems Regular maintenance Crime Prevention Officer reviews Continued Internal Audit (IA) reviews to assess systems' security IA issue reminders re: inventories IA assess occurrences to improve robustness of systems HoA sends email 	<ul style="list-style-type: none"> Annual Ongoing Ongoing Ongoing ½ yearly Ongoing ½ yearly 	Head of Audit Mayoral Support Officer All Heads of Service, employees & Members	11b	⇒

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

irreplaceable artefacts <ul style="list-style-type: none"> • Guildhall (Grade 1) damaged beyond repair • adverse effect on income & capital budgets • adverse criticism/publicity • major impact on Internal Audit re: investigating & dealing with Police b) Benefits & opportunities: <ul style="list-style-type: none"> • Reduction in likelihood & financial affects of an incident 				(Guidhall) <ul style="list-style-type: none"> • Increased CCTV & Security Officer at Civic Centre • Additional CCTV 					reminder re: the Council's Whistleblowing & Anti-Fraud strategies <ul style="list-style-type: none"> • Professional valuation of all artefacts (Guildhall) 				
---	--	--	--	---	--	--	--	--	---	--	--	--	--

10. Partnership/contractual													
2. Archaeological field unit a) Risks & threats: <ul style="list-style-type: none"> • Diminishing loss despite measures taken • backlog in reporting Scheduled Monument Consent work & other funded obligations • archive material remains undeposited Consequences: <ul style="list-style-type: none"> • continuing costs • threat to existence of the Unit • uncertainty over undeposited material 	4	4	16	<ul style="list-style-type: none"> • Following instruction from Executive, officers have devised a structure for a smaller Unit • Measures put in place to reduce running costs of unit • Measures put in place to increase competitiveness of unit • Measures put in place to remove Scheduled Monuments Consent & funded obligations backlog • Measures put in place to deposit archives. 	4	3	12	H	<ul style="list-style-type: none"> • Aim for greater financial security through targeted use of temporary staff • Aim for increased financial security through identification of further savings to make the unit more competitive • Aim for greater financial security through moves to increase efficiency 	<ul style="list-style-type: none"> • 2010/11 	Head of AFU	3 7 8	⇒

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

<ul style="list-style-type: none"> Scheduled Monuments Consent obligations unresolved reputational risk 													
3. Contracts & partnerships a) Risks & threats: <ul style="list-style-type: none"> Failure to contract or partner Consequences: <ul style="list-style-type: none"> systems/projects fail or become unsupported b) Benefits & opportunities: <ul style="list-style-type: none"> Partnerships can help deliver services cost effectively IT essential services recovered & adverse affects minimised Income generated for the Council 	3	3	9	<ul style="list-style-type: none"> Ongoing monitoring Procurement group established Standard contracts in place 	2	2	4	L	<ul style="list-style-type: none"> Continue to apply best practice & standards identified in Sustainable Procurement & Commissioning Strategy and supporting guidance 	<ul style="list-style-type: none"> Ongoing 	Head of Contracts & Direct Services Head of IT Services Relevant Heads of Service	3a	⇒
4. Bus & coach station redevelopment a) Risks & threats: <ul style="list-style-type: none"> Legal challenge to selection of developer Consequences: <ul style="list-style-type: none"> Redevelopment delay legal costs b) Benefits & opportunities: <ul style="list-style-type: none"> Streamlined development process Informed Master Plan/ 	3	3	9	<ul style="list-style-type: none"> External legal advice sought Early announcements made to trigger any potential challenge 	2	2	4	L	<ul style="list-style-type: none"> Ensure legal advice on procurement is followed 	<ul style="list-style-type: none"> Ongoing 	Head of Estates Services	3 5	⇒

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

viability analysis • Improved scheme quality													
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11. Competitive													
1. Major client/work a) Risks & threats: <ul style="list-style-type: none"> Loss of a major client or work Consequences: <ul style="list-style-type: none"> services not viable increased overheads detrimental effect on revenue budget staff redundancies b) Benefits & opportunities: <ul style="list-style-type: none"> Ensures events can be readily assessed & prompt responses 	3	3	9	<ul style="list-style-type: none"> Identify service improvement via Service Improvement Portfolios Medium term financial planning 	2	3	6	M	<ul style="list-style-type: none"> Review annually in budget & service planning process 	<ul style="list-style-type: none"> Ongoing 	Relevant Heads of Services	7	⇒

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 11 November 2010

HALF YEAR RESULTS OF PERFORMANCE MONITORING 2010/11

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. Regular monitoring ensures that the Council is on track to meet its targets. It also assures that remedial action is taken where necessary.
- 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 set of 198 National Indicators which replaced all previous indicators. The majority of these apply to single tier/county councils. Currently the future of the National Indicator Set is uncertain, with many likely to be deleted.
- 2.3. Members play an important role in reviewing performance and ensuring data quality. The attached tables contain figures for those national and local indicators that relate to services supplied by the Economy and Development Directorate. Commentary is provided on the results to give context and to explain any variance from targets and any remedial action taken.

3. PERFORMANCE OVERVIEW

- 3.1 Of the 10 indicators collected by the Economy and Development Directorate, 1 is below its half year target, 3 are on target and 6 are above target. Two of these indicators have performed worse in the half year 2010/11 compared with the half year 2009/10. Two indicators have remained the same and 6 indicators have improved.

4. RECOMMENDATION

- 4.1. That members consider the report and identify where further information is needed on any indicators.

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

Background papers used in compiling the report:

None




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Performance Summary Half Year 2010/11







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 2010/11 is better than the half year figure for 2009/10
-  The black arrow indicates that there is no change between the half year figure for 2009/10 and 2010/11
-  The red cross indicates that the half year figure for 2010/11 is worse than the half year figure for 2009/10

Performance Summary						
Economy & Development	6	3	1	6	2	2



Performance Indicator	Service	Year End 09/10	Actual Q1 10/11	Actual Q2 10/11	Half Year 10/11	Target Half Year 10/11	Performance Half Year 10/11	Compared to Half Year 09/10	Target Year End 10/11	Commentary
LPI ET1 % of overall impression of the TIC was excellent/good	Economy & Tourism	86	86	91	91	95			95	Once Information Centre found, visitor satisfaction is high due to range of services provided

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SO4: Maximise the potential of all our citizens by tackling social disadvantage and deprivation										
Performance Indicator	Service	Year End 09/10	Actual Q1 10/11	Actual Q2 10/11	Half Year 10/11	Target Half Year 10/11	Performance Half Year 10/11	Compared to Half Year 09/10	Target Year End 10/11	Commentary
LPI AC1 % take-up of concessionary fare passes by eligible residents aged 60 and over	Parking, Engineering & Business Support	87.5	n/a	86.1	86.1	89			89.5	The figure is calculated as a percentage of Exeter's 2008 population figure (2006 figure was used on previous occasions).
SO5: Ensure that Exeter is a buoyant, dynamic and innovative city with sustainable growth										
Performance Indicator	Service	Year End 09/10	Actual Q1 10/11	Actual Q2 10/11	Half Year 10/11	Target Half Year 10/11	Performance Half Year 10/11	Compared to Half Year 09/10	Target Year End 10/11	Commentary
NH157a % of major planning applications processed within 13 weeks	Planning & Building Control	71.43	53.85	66.67	59.09	60			60	
NH157b % of minor planning applications processed within 8 weeks	Planning & Building Control	85.89	70	86.11	78.79	65			65	
NH157c % of other planning applications processed within 8 weeks	Planning & Building Control	87.66	82.61	87.56	85.36	80			80	
SO7: Use resources effectively & provide high performing, value for money services that focus on customer needs										
Performance Indicator	Service	Year End 09/10	Actual Q1 10/11	Actual Q2 10/11	Half Year 10/11	Target Half Year 10/11	Performance Half Year 10/11	Compared to Half Year 09/10	Target Year End 10/11	Commentary
LPI ES1 % of local searches carried out in 7 working days	Estates	100	n/a	100	100	97			97	
SO8: Promote an extremely positive image & reputation & ensure high levels of customer satisfaction										
Performance Indicator	Service	Year End 09/10	Actual Q1 10/11	Actual Q2 10/11	Half Year 10/11	Target Half Year 10/11	Performance Half Year 10/11	Compared to Half Year 09/10	Target Year End 10/11	Commentary
LPI ET1 % of overall impression of the TIC was excellent/good	Economy & Tourism	86	n/a	91	91	95			95	Once Information Centre found, visitor satisfaction is high due to range of services provided.
LPI ET3 % overall impression of Underground Passages was excellent/good	Economy & Tourism	97	n/a	97	97	95			95	A good year for the Underground Passages, the introduction of themed events helped visitor satisfaction.
LPI ET4 % stated overall the Quay House Visitor Centre was excellent/good	Economy & Tourism	96	n/a	96	96	95			95	Visitors enjoyed the newly refurbished Centre and the staff welcome.
LPI ET5 No. of visitors to Exeter's Underground Passages	Economy & Tourism	18505	4891	8171	13062	12750			20600	A busy spring and summer for the Underground Passages, the inclement weather works to the attraction's advantage.
LPI ET6 No. of visitors to Exeter Visitor Information & Tickets	Economy & Tourism	70707	24532	28425	52957	60850			100000	Visitors to the Information Centre are down due to ongoing external signage problems and the economic downturn. New signage was installed late September.

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 11 NOVEMBER 2010

PROPERTY VOIDS AND DEBTS

1.0 PURPOSE OF REPORT

- 1.1 To inform Members of the position regarding void properties as at 30 September 2010 and debts for the four quarters ending on the September 2010 quarter day.

VOID PROPERTIES

2.0 BACKGROUND

- 2.1 The situation regarding void properties as at 30 September 2009 was reported to the Scrutiny Committee – Economy on 12 November 2009.
- 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 former council depot at Locarno Road 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 and discussions with Planning Services have not led to any agreement on possible alternative uses either for the building or for the site itself.
- 3.2 The upper floors at 21a North Street remain available for office use, having been vacant since July 2009.
- 3.3 As well as the first-floor workshop and ground-floor store at 1a Hamlin Lane being available still, the ground floor has recently become vacant, and the whole of this building will therefore now be marketed.
- 3.4 The shop at 88b Beacon Lane has now been let to a Pharmacy.
- 3.5 The shop at 88 Fore Street has now been let to a Footwear and Clothing shop.
- 3.6 The long-term voids as at 30 September 2010 are summarised in Table A below.

Table A
Long term voids

Address	Area m ² Approx	Rental Value £	Date Vacated	Notes
Locarno Rd Depot	160	3,000	17/02/07	See note 3.1
21a North Street	33	2,250	28/07/09	See note 3.2
First Floor and Yard 1a Hamlin Lane	163	5,700	25/11/08	See Note 3.3
Total	356	10,950		

4.0 SHORT TERM VOIDS

- 4.1 Since the last report, three previously identified 'short term' voids have been let. These are the ground-floor shop at Verney House, 115 Sidwell Street, the shop at 1-4 King William Street and the premises at Swan Yard.
- 4.2 In addition, 118 and 183a Cowick Street both became vacant during the year and were re-let, 118 as a Canine Beauty Salon and 183a as a Human Beauty Salon.
- 4.3 Since the last report we have a further seven short term voids as detailed below.
- 4.4 2 South Street is let, subject to contract, to a Chinese Restaurateur.
- 4.5 7 South Street is let, subject to contract, to a Chinese Medicine Practitioner.
- 4.6 The ground-floor workshop of 1a Hamlin Lane is available to let either as an independent unit or together with the remainder of the premises (see 3.3).
- 4.7 89 South Street (previously the short-lived Polish Food shop) is available to let and is attracting interest.
- 4.8 120/121 Sidwell Street (previously Two Birds Photography) is available to let, but is proving difficult to dispose of. Nevertheless, we have interest which we would hope to translate into a letting before too long.
- 4.9 The first floor rear office, 115 Sidwell Street, is under offer to our Dentist tenant who wishes to expand from his surgery adjoining subject to planning permission.
- 4.10 The second floor office, 115 Sidwell Street, has only recently been vacated and is available to let.

Table B
Short term voids

Address	Area m ² Approx	Rental Value £	Date Vacated/Available	Notes
2 South Street	90	22,500	28/06/10	See note 4.4
7 South Street	56	19,500	28/04/10	See note 4.5
Ground Floor 1A Hamlin Lane	110	6,600	04/08/10	See notes 4.6 and 3.3
89 South Street	31	10,750	07/07/10	See note 4.7

120/121 Sidwell Street	117	19,950	19/02/10	See note 4.8
First-floor Rear Office, 115 Sidwell Street	21	2,000	03/07/10	See note 4.9
Second Floor Offices, 115 Sidwell Street	72	6,950	29/09/10	See note 4.10
Total	497	88,250		

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 ²	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
September 2010	10	853	99,200

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 re-letting of premises with as little delay as possible 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 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 2.34% 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 2010, and the outstanding amounts at various points up to the date of compilation, the 30 September 2010. 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 £186,260 outstanding at 90 days, reflecting 5.56% of the total invoiced on the M001-M006 cost centres is – although better than last year’s figures of £200,834 and 6.23% respectively – far too large an amount of rent to have unpaid. However Committee will be aware of the continuing difficulties in the retail market and in any case will note that the total outstanding as at 30 September 2010 had reduced to 1.99% of the rents invoiced during the previous year.
- 9.2 Again during this past year the Council’s portfolio has not suffered as much as have those of other large commercial landlords in the City. Three of our tenants have been made bankrupt during the period and although the rent debts of two of these will have to be written off the third is at present continuing to trade and to pay the rent due.
- 9.3 A number of other tenants continue to find life difficult and patience has been needed in the management of their rent accounts: this, though, is seen to be preferable to forcing the issue perhaps resulting in uncollectable rent debts and more void properties.

10.0 RECOMMENDED that:

- 10.1 the Report on Voids and Debts, reporting on the relatively robust performance of the portfolio against national and regional trends, be noted.

TABLE

**COMMERCIAL DEBT RAISED AND OUTSTANDING
AS AT 30 SEPTEMBER 2010**

Summary	Items	Amount	Outstanding at 28 days	Outstanding at 90 days	Outstanding as at 30.09.10
		£	£	£	£
Billed September 2009	217	687,892	126,439	57,703	3,395
% outstanding			18.38%	8.39%	0.49%
Billed December 2009	280	924,388	137,134	39,355	10,323
% outstanding			14.84%	4.26%	1.12%
Billed March 2010	251	1,001,119	401,326	46,109	13,786
% outstanding			40.09%	4.61%	1.38%
Billed June 2010	215	739,439	120,320	43,093	39,383
% outstanding			16.27%	5.83%	5.33%
Total	963	3,352,838	785,219	186,260	66,887
% outstanding			23.42%	5.56%	1.99%

MICHAEL CARSON
ACTING 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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