

SCRUTINY COMMITTEE - ECONOMY

9 June 2011

Present:

Councillor Cole (Chair)

Councillors Prowse, Bialyk, Choules, Crow, Dawson, Morris, Payne, Robson, Ruffle, Thompson and Wardle

Director Economy and Development, Head of Economy and Tourism and Member Services Officer (SLS)

Also present:

Councillor Rosie Denham - Portfolio Holder for Economy and Tourism
Councillor Rachel Sutton - Portfolio Holder for Sustainable Development and Transport

21 **Minutes**

The minutes of the meeting held on 10 March 2011 were taken as read, and signed by the Chair as correct.

22 **Declarations of Interest**

The following personal (and *prejudicial) interests were declared:-

| COUNCILLOR | MINUTE |
|------------------------|---|
| Councilor Mrs Thompson | *24 and *25 (landowner in the Monkerton Master Plan area and due to business arrangements with Eagle One) |
| Councillor Bialyk | 24 (member of the Exeter Bus and Coach Station Social Club) |
| Councillor Prowse | 24 (Member of Devon County Council) |
| Councillor Payne | 24 and 28 (employee of Exeter College) |
| Councillor Morris | 24 and 29 (Member of the Union of Shop, Distributive and Allied Workers and employed by Ben Bradshaw MP) |
| Councillor Choules | 32 (wife is an employee at the Northcott Theatre) |

23 **Questions from Members of the Public under Standing Order 19**

The Chair advised that a letter from a member of the public had been passed to her, detailing a number of complex issues relating to vessels at the canal and VAT payments, which do not fall within this Scrutiny Committee's terms of reference. A copy of the letter would be passed to the Chair of Scrutiny Resources to take any appropriate action. She would also ensure that a full and appropriate response was made to the letter.

A Member advised that he had seen a copy of the letter and suggested it would be helpful to have clarification of the processes that can be used by those who feel they have a grievance. The Director outlined the City Council's formal complaints procedure.

Portfolio Holders to Present their Priorities for the Forthcoming Year

Councillor Bialyk declared a personal interest as a member of the Exeter Bus and Coach Station Social Club.

Councillor Mrs Thompson declared a personal and prejudicial interest in relation to being a landowner in the Monkerton Master Plan area and took no part in any discussion on that subject.

Councillor Prowse declared an interest as a Member of Devon County Council.

Councillor Morris declared an interest as a member of the Union of Shop, Distributive and Allied Workers (USDAW)

Councillor Payne declared an interest as an employee of Exeter College.

Councillor Sutton presented the following priorities within the Sustainable Development and Transport Portfolio for 2011/12. A copy of the briefing note, together with a brief explanation on each priority will be attached as an appendix to these minutes.

The following responses were given to Members' questions: -

- the feasibility study will look at a number of options for the redevelopment of the Bus and Coach Station site, and although the bus terminal would have a central presence, it was not clear where that would be. The concern about ensuring the design and location would be in a place that people wanted to use was noted. The Director added that many features including safety and Highway concern, as well as the bus operator's requirements for passenger movements and bus maintenance would be fed into the design process.
- plans for the enhancement of Cowick Street were now being drawn up in detail, with work due to commence towards the end of the calendar year.
- the Director stated that the CIL was a national initiative, with the rate dependent on house values, but every effort would be made to bring forward a common charging schedule. Some of the revenue would be used to improve local infrastructure including rail and road, for the benefit of Exeter residents as well as those visiting the city for work and leisure. The infrastructure offset will be captured by the CIL, with no additional burden for house buyers or those renting.
- although the Harbour Revision Authority had not made its final report, no changes in navigation on the Exeter Canal were anticipated.
- officers would be asked to look into the individual patronage and revenue derived from off street parking. (The Chair suggested a Working Party might be convened to look at this in more depth.)
- a response would be made to a Member's enquiry about the formal appeals procedure in relation to a particular instance of parking enforcement.
- the positive comments on improvements to the entrance to Gandy Street were welcomed.

Councillor Denham presented the following priorities within the Economy and Tourism Portfolio for 2011/12. A copy of the briefing note, together with a brief explanation on each priority was attached as an appendix to these minutes.

The following responses were given to Members' questions and comments:-

- the increase in youth unemployment and decline of local apprenticeships were still areas of concern, but the Council would look to take advantage of any employment and training opportunities from new construction sites in the city. The Council has also been working with local colleges and Job Centre Plus to identify opportunities for young people to gain vital work experience.
- the suggestion of inviting Richard Atkins, Principal of Exeter College to a future meeting would be pursued.
- there was disappointment that Exeter did not have a seat on the Heart of the South West Local Enterprise Board. However, there should be the opportunity for continued dialogue through the newly reconstituted Exeter and Heart of Devon Growth Board, as they will be offering a seat to the LEP's private sector business representative covering the Exeter area. Details of the nomination were expected shortly.
- initiatives such as the development of a Business Improvement District (BID) should help address some of the challenges facing Exeter's less viable shopping centres. The City Centre Vision for a Green Capital (to be discussed later on the agenda) should also ensure that the city centre does not just revolve around new developments such as Princesshay and John Lewis, with other parts of the city centre being forgotten.
- every effort was being made to fill the city centre's vacant retail outlets.

Scrutiny Committee – Economy noted the achievements and priorities presented.

MATTERS FOR CONSIDERATION BY EXECUTIVE

25 The Exeter and Heart of Devon Growth Board, the Local Delivery Board for the Functional Economic Area

Councillor Mrs Thompson declared a personal and prejudicial interest due to business arrangements with Eagle One, and took no part in the discussion.

The Director Economy and Development outlined the proposal and decision by the Exeter and East Devon New Growth Point Steering Board to formally reconstitute itself from the 26th July 2011, as the Exeter and Heart of Devon Growth Board. The new delivery governance structure would have an extended term of reference encompassing economic development, infrastructure planning, jobs growth and the delivery of housing. It would function within the governance structure of the new Heart of South West Local Enterprise Partnership, providing a "sounding board", as part of the important economic role of the Exeter and Heart of Devon functional economic area. The structure would include senior level political representation from the County's local authorities as well as key private sector and regional agency representatives. Members were advised that with such a collaborative approach, it was appropriate for the Exeter and Heart of Devon Economic Partnership to cease operation forthwith. Members would be thanked for their valuable contribution.

The Director responded as follows to Members' comments:-

- It was appropriate for Exeter Airport to be a permanent member of the Board, rather than as a temporary member, in recognition of its contribution to the local economy.
- the Growth Board and the Heart of the South West LEP differs in that the latter's lead is private sector led. The City Council remains concerned over the lack of Exeter Member representation on the LEP, but the expectation that a private sector presence representing Exeter will be appointed goes some way to address this.

Scrutiny Committee - Economy welcomed the initiative to establish a local delivery board for the Exeter economic area to build on the track record of good partnership working and effective delivery with the private sector and recommended that Executive approve the following:-

- (1) that the Exeter and East Devon New Growth Point Steering Board change its name to the Exeter and Heart of Devon Growth Board, with extended terms of reference, to include economic development;
- (2) that the delivery board be recognised as the local delivery structure for the Exeter economy in the context of the proposed governance arrangements for the Heart of the South West Local Enterprise Partnership;
- (3) the decision to close down the Exeter and Heart of Devon Economic Partnership; and
- (4) the minutes of the Exeter and Heart of Devon Growth Board be circulated to Members of Scrutiny Committee – Economy and Executive.

(Report circulated)

26 **A City Centre Vision for a Green Capital**

The Director Economy and Development made a presentation and also submitted a report, 'A City Centre Vision for a Green Capital' to consider whether to adopt the document for engagement with key stakeholders. It had been commissioned to provide a development context for the City Centre Transportation Strategy and other potential studies and projects in the city centre and formed the basis of a vision for any future city centre Action Area Plan. A total of 17 principles were also listed for future guidance, with the aim of creating a flexible framework for the growth of the city centre over the next 20 to 30 years.

Members made the following comments:-

- welcome for a very positive document;
- what impact the extension of pedestrianised areas in the city centre might have, particularly if that included the Paris Street/New North Road junction, adjacent to the development of the John Lewis At Home store, which was an arterial route to Crediton. The Director referred to the need to address such challenges, but with the current and predicted footfall of that particular junction, a solution would have to be found. Some transport modelling would be carried out to understand all the implications including cost.
- support for the Vision, but concern that a predicted growth of 50% of the city's working and local population should include improvements to the transport infrastructure to facilitate movements both in, and to and from the city, and include rail. The Director agreed that desired transport outputs had to include

new railway stations at Newcourt, Monkerton and Marsh Barton, as well as additional services on the existing lines and better rolling stock. The case for such improvements needs to be continually made to business and the local MP's.

- an extension of pedestrianised areas to allow further development of the night time economy should allow for more CCTV and good quality downward street lighting and the public engagement exercise should be as wide as possible.
- the consultation should include workshops and public exhibition as well as investigating the possibility of a roving exhibition to community halls for greater access. The Director stated that the consultation would be as wide reaching as possible.
- the reduction of cars within the urban extension of Exeter should be welcomed, but the Member hoped that the outlying areas such as Pinhoe would not be used for additional Park and Ride facilities. The Director advised that city wide Park and Ride had to be part of the transport solution as well as trains and buses. Other initiatives such as Park and Change (to a bus) were being developed to serve rural areas. The Director advised that every effort was continuing to find suitable locations for any further Park and Ride schemes.

Scrutiny Committee – Economy supported the report and recommended that Executive approve the contents of the City Centre Vision document for the purpose of a public engagement exercise with key stakeholders, and subject to the engagement endorse the use of the document to inform decision making by the City Council specifically in relation to future City Centre Action Plans; and that Members commend the document to the Exeter Vision Partnership.

(Report circulated)

27 **City Centre Business Improvement District**

The Head of Economy and Tourism presented a report which updated Members on progress towards establishing the proposed Business Improvement District (BID). It also sought to establish Executive's confirmation of a "yes" vote in the ballot to support the setting up of the BID. A draft of the Exeter City Centre BID proposal was circulated with the report.

A Member stated that it was clear that the City Council wanted a vote in favour, but he enquired if the tenants of the City Council's business properties listed in the appendix would be eligible to vote or if a block vote mechanism would be used by the City Council. The Head of Economy and Tourism advised that a tenant paying business rates would be entitled to a vote. He also responded to a Member who sought more detail about the 'purple flag' status, which was awarded to towns and cities, whose night time economy presented a quality, clean and safe environment.

The Chair thanked officers for their hard work in bringing this project to fruition.

Scrutiny Committee – Economy supported the report and recommended that Executive approve the following:-

- (1) confirm its support for the proposed City Centre Business Improvement District and the priorities and projects as set out in the formal prospectus;
- (2) authorise the Portfolio Holder for Economy and Tourism to cast the City Council's votes in favour of establishing the BID;

- (3) confirm that in principle the continuation of the City Council's contribution of £50,000 towards the costs of the City Centre Management function in collaboration with the BID Company, subject to agreement on the final arrangements; and
- (4) that the Head of Treasury Services arrange for provision for funding the BID levies from existing budgets associated with each property liable for the levy.

(Report circulated)

MATTERS FOR CONSIDERATION BY SCRUTINY ECONOMY

28 Economic Development Service - Update

Councillor Payne declared a personal interest as an employee of Exeter College.

The Head of Economy and Tourism provided an overview of the Economic Development Service's activities during 2010/11, which had contributed to the implementation of the Exeter and Heart of Devon Economic Development Strategy. The priorities of the Strategy continued to focus on promoting and securing the growth of businesses, a better-trained workforce, helping people into work, bringing forward the availability of employment land and lobbying for investment in transportation and the communications infrastructure. The Service's key priorities for supporting growth and recovery together with the key actions planned in 2011/2012 were also set out in the report.

The Head of Economy and Tourism responded to comments on the service's key priorities. He addressed a Member's concern about the Science Park's future development, stating that the formal planning regime and the Gateway Policy would ensure compliance with the preferred types of businesses to be located on the park. A Member welcomed the business support delivery model, but enquired how various projects would be protected in the light of reductions in public sector spending. He was advised that, whilst there was the current City Council funded business advice in collaboration with the Innovation Centre, there was also the Government policy to establish a network of over 40,000 business mentors offering practical advice on a voluntary basis. It was unclear at the moment how the latter would be delivered.

Scrutiny Committee – Economy noted the report and supported the economic development priorities and activities for 2011/ 2012.

(Report circulated)

29 Heart of the South West Local Enterprise Partnership Update and Briefing on Proposals for an Enterprise Zone

Councillor Morris declared a personal interest as an employee of Ben Bradshaw, MP.

The Head of Economy and Tourism updated Members on the proposal to establish the Heart of the South West Local Enterprise Partnership (LEP) covering Devon and Somerset. The LEP will grow in influence and importance, but the representation from District Councils remains an issue, and particularly in ensuring that Exeter's interests are adequately represented at regional and national level. The report also covered an invitation to establish an Enterprise Zone, based around the Exeter and East Devon Growth Point development programme. A substantial incentive was being offered to achieve a step change in regeneration. An expression of interest for Exeter had been submitted, and the outcome would be reported to Members.

Members commented on the lack of District Council representation on the LEP. The Director stated that the City Council had made their disappointment over the lack of political representation and accountability known. In response to a question, the Director stated that Ben Bradshaw had been very involved in these discussions. Details of the business representative would be known shortly. An invitation would be extended to Jeremy Filmer-Bennett, Chair of the LEP Steering Group, to attend a future meeting.

Scrutiny Committee – Economy supported the formation of the new Local Enterprise Partnership and proposed setting up of an Enterprise Zone, but wished to record their displeasure at the way Exeter City Council had been excluded from the Heart of the South West LEP process.

(Report circulated)

30 **Summer Events Programme**

The Head of Economy and Tourism presented a report which provided Members with a summary of the summer events programme 2011.

Officers had put together a varied and very different programme, and the outcome would be closely monitored. The Chair welcomed the wide range of activities and events, and asked how this would feature in future budget programming. The Head of Economy and Tourism confirmed that feedback from events would be acknowledged and added into that process. He responded to comments on the challenges of staging the forthcoming Midsummer Party on the Quay in the short timescale following the difficult budget setting round.

Scrutiny Committee – Economy Members noted the Summer Events Programme for 2011.

(Report circulated)

PERFORMANCE MONITORING

31 **Capital Programme Monitoring**

The Director Economy and Development presented a report which advised Members of the final position with regard to the 2010/11 capital programme for the Economy and Development Directorate.

Scrutiny Committee –Economy noted the report.

(Report circulated)

32 **Economy Stewardship 2010/11 (Final Accounts)**

Councillor Choules declared a personal interest as his wife is an employee at the Northcott Theatre.

The Director Economy and Development presented a report detailing the overall financial performance of the Economy and Development Directorate for the 2010/11 financial year ended 31 March 2011.

Scrutiny Committee – Economy noted the report.

(Report circulated)

33 **Annual Results of Performance Monitoring 2010/11**

The Director Economy and Development presented a report on the performance at the end of the year on a range of statutory and local performance indicators that relate to services provided by the Economy and Development Directorate.

Scrutiny Committee – Economy noted the report.

(Report circulated)

34 **Energy Partnership with E.ON - Progress Report**

The Director Economy and Development presented a report which updated Members on partnership work with E.ON.

A Member congratulated all those involved in drawing together the concept, and he asked if the lead officer of the Low Carbon Task Force could be invited to a future meeting.

Scrutiny Committee - Economy noted the following:-

- (1) the signing of the memorandum of understanding between Exeter City Council, Devon County Council, East Devon District Council and E.ON for the purpose of developing, overseeing, influencing and, where appropriate, commissioning projects within a programme which is intended to achieve the ambitious goals of reducing carbon emissions, addressing fuel poverty and stimulating the low carbon economy for the region; and
- (2) that an invitation be extended to the lead officer of the Low Carbon Task Force to attend the next meeting if possible.

(Report circulated)

The meeting commenced at 5.30 pm and closed at 8.20 pm

Chair

SCRUTINY ECONOMY COMMITTEE 9 JUNE 2011

SUSTAINABLE DEVELOPMENT AND TRANSPORT PORTFOLIO PROGRAMME FOR 20011/12

Core Strategy

The core Strategy will be considered at an Inquiry starting 21st June. A number of significant policy documents will have to be produced during the year and represent a major undertaking for the Department, they include: Development Management Development Plan Document; Site Allocations DPD; and we will begin work on the City Centre Action Plan and Student Accommodation and small HMO's supplementary planning document.

Community Infrastructure Levy (CIL) and Localism Bill

We have indicated our intention to introduce a community infrastructure levy for Exeter. CIL enables local authorities to obtain contributions from developers towards infrastructure. Unlike section 106 agreements, which are negotiated individually on a case by case basis, and tend only to be used on larger developments, the Levy applies to all new buildings that involve the creation of a new dwelling and possibly non residential development. From 2014 unless a CIL is in place Councils will be restricted in what can be raised by section 106 agreements. Therefore it is important to make progress with this initiative. We are currently working on the evidence base to support CIL. Key requirements will be: to produce a draft charging schedule for consultation; to produce evidence on viability; to produce an infrastructure delivery plan; and a code of practice. The policy framework for this work will be an adopted Core Strategy.

The growth area covers East Devon and Teignbridge and therefore it is preferable to have a CIL that is integrated with neighbouring districts, and vertically with the County Council. Therefore this summer our intention is to establish governance arrangements between the authorities for the introduction of a CIL. This work will be led through the Exeter and Heart of Devon Growth Board.

The Localism Bill has introduced the concept of neighbourhood plans and this suggests a level of community engagement that will require the Council to have clear protocols in place for engaging community groups and addressing requests for support. It is my intention that we bring forward a report on how the localism agenda will be addressed.

Affordable Housing

The government has profoundly changed the "affordable housing" product that it is willing to support financially. Affordable housing now includes housing that is 80% of an open market rent. The HCA no longer offer grant to subsidise the delivery of affordable housing as previously understood; instead registered providers will now be able to charge rents up to 80% of open market rents and use this increased income to fund new building. In practice this will significantly challenge our ability to delivery affordable housing at the levels historically produced in the City. Given that most affordable housing is likely to come forward through section 106 agreements, we will be working closely with the housing service to address the challenges of producing new dwellings in a fundamentally different policy and financial landscape.

Climate Change

The development of a local energy network to serve the City centre and Heavitree Road corridor to St Lukes and the RD&E is gaining momentum and this year we should see stakeholders and the private sector energy companies develop a commercial proposition. The Energy partnership with E.ON will provide a platform for developing initiatives.

City Centre and Bus and Coach Station Site

The City Centre Vision is on the agenda of this meeting, a city centre transport study will be shortly concluded and this will provide the technical studies to underpin specific proposals.

We continue to work with Land Securities on a feasibility study of the redevelopment of the Bus and Coach Station site. A two year Exclusivity Agreement has been agreed in principle with Land Securities/Crown Estate to provide comfort to all parties during this process. The work is behind schedule and we had hoped to have received the feasibility study by now. However, developments with the John Lewis store at 1-11 Sidwell Street have given Land Securities reason to pause on the master planning work. This is understandable and we hope to receive the feasibility study in the autumn. The Concept master planning principles for the redevelopment of this site should be reported to a future meeting of Scrutiny committee later this year.

City Centre Enhancements

Members may have noticed the work currently being undertaken on Gandy Street. Works to Cowick Street and Northernhay Gardens are planned for later this year. Proposed improvements to the public realm outside the former Debenhams building are intended for later this year but precise timings will depend on the work programme for the John Lewis building.

Parking, waterways and flood prevention

It is important for all Members to realise that our ability to generate income from our assets, such as car parks and property, will be tested to the full because of the economic circumstances we face and I have therefore asked officers to pay very close attention to this in terms of the focus of their activities. With regard to parking, I believe we need to rebalance the competing claims of managing the City Council's off-street parking operations on the one hand against running civil parking enforcement on behalf of the County on the other. While the CPE role is clearly an important and high profile one, it is of little direct financial benefit to the City Council and over the next year I will be asking officers to focus in particular on the issue of how we can develop our own parking facilities to deliver a better service for customers and protect and grow income, rather than spending disproportionate management time on CPE-related matters.

We also need to devote time & effort to the City's key infrastructure. I have asked officers to bring forward new proposals for managing the river & canal function (which transferred into my portfolio last autumn) that not only reflect the continuing delay in receiving a decision from the Department for Transport on our future role as Harbour Authority but also the need to effectively meet the challenges associated with this. Dealing with the Department's decision, when it eventually comes, will be a significant task whichever way the decision goes; it will not be business as usual and we must ensure that the arrangements we have in place are fit for purpose.

I am also aware of the need for us as an organisation to engage seriously with the issue of flood risk (which in the wake of the severe floods of 2007, and continuing concerns over the effects of climate change, has moved significantly up the national agenda and has potentially major implications for Exeter). A number of Members will have attended a recent briefing by the Environment Agency outlining their early thoughts on how Exeter's flood defences might be improved, and in the next year I want officers to clarify the likely financial implications of various schemes and develop proposals for potential sources of funding. A paper on this issue will be brought to Scrutiny Committee for discussion in due course.

Councillor Rachel Sutton
Portfolio Holder Sustainable Development and Transport

SCRUTINY ECONOMY COMMITTEE 9 JUNE 2011

Key Elements of the Programme for the Economy Portfolio for 2011/12

Economic Development

It is important to recognise that the national picture is not very promising, there is no growth in the economy, and the reduction in public sector funding will have a localised impact on the city. The SWRDA has forecast some 5,000 job losses in the City through public sector cuts. Therefore as an absolutely priority for the City Council must be to support growth and recovery.

The key priorities for supporting growth and recovery in 2011/2012 are summarised in the report of the Head of Economic Development on the main agenda, they are as follows:

- Work with the business community to secure support for the establishment of the city centre Business Improvement District. The City centre remains the engine of the city's economy and I am sure the BID will have a positive impact on the city centre;
- The arrival of John Lewis to the City Centre will be a major boost to the economy; we have a lot to do in terms of supporting this investment with improvements to the public realm.
- We will continue to work with Land Securities and the Crown Estate to build on the City Centre Vision, and transport study already undertaken with a view to bringing forward a concept master plan for the Bus & Coach Station site. A key element of this will be to produce a detailed feasibility analysis based on established master planning principles. If a viable scheme can be identified we will be looking to press ahead with the planning processes and seeking to agree Heads of Terms for a development agreement.
- Individual developments, such as John Lewis, and Waitrose have an important role to play both in providing immediate jobs for construction workers and in creating new permanent jobs. Both developments will provide hundreds of jobs and will provide an important boost to the local economy.
- A priority for this year will be to capitalise on the investment that has been made in the growth point outside the city. Therefore we will work with the Exeter and Heart of Devon Growth Board to influence and secure support for priority actions and developments from the new Local Enterprise Partnership. Although we do not have a seat at the table of the LEP we will make our presence felt through the new Growth Board.
- An immediate priority will be to assess with our partners in East Devon and the County Council the merits of pursuing proposals for an Enterprise Zone
- We will continue to progress the development of Exeter Science Park with a particular focus on its promotion
- Increase business formation and survival through a programme of activities coordinated by Exeter Business Support

- Promote the formation and survival of social enterprises through the services of Fruit Tree for Business
- Adjust service delivery and customer relationship management in the handling of investment enquiries and the operation of the Commercial Property Register with reduced resources
- Continue to work with the Exeter and Heart of Devon Employment and Skills Board to promote investment in relevant training provision for employers and progress projects which support local people to take advantage of job opportunities arising from the Exeter and East Devon New Growth Point projects
- Through the delivery of Exeter Positive Steps Fund projects assist people from the most deprived neighbourhoods and backgrounds in the city to take up training and/or employment

Estates

The process of selecting a new auctioneering firm to run the livestock markets at the Matford Centre is in hand and we hope to select a new partner over the course of the summer with a view to the new arrangements being in place for next Spring..

We will continue to work to deliver the next phases of the Canal Basin regeneration. In particular work is now in hand on the conversion of the Old Electricity Building into a new indoor climbing centre and Devon County Council have confirmed their intention to bring forward their scheme for a new Outdoor Education Centre. Over the course of the summer we will be examining our approach to the listed buildings and the uncompleted site at the head of the Basin in conjunction with the Exeter Canal & Quay Trust.

AFU

As members will know Council has agreed to reluctantly close the Archaeological field units. Most of the staff will be made redundant at the end of June with a core team being retained until the end of March of 2012 to close down outstanding projects and to honour contractual obligations. This will be a difficult time for staff and we will wish to achieve this closure in a orderly, and responsible manner with minimal risk to the Council's reputation

Councillor Rosie Denham
Portfolio Holder Economy and Tourism