Exeter City Council

To the Chair and Members
of the Scrutiny Committee - Economy

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AGENDA FOR EXETER CITY COUNCIL SCRUTINY COMMITTEE - ECONOMY

The Scrutiny Committee - Economy will meet on **THURSDAY 8 MARCH 2012**, commencing at **5.30 pm,** in the Rennes Room, Civic Centre, Paris Street, Exeter to consider the following business. If you have an enquiry regarding any items on this agenda, please contact Sharon Sissons, Member Services Officer on **Exeter 265115.**

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

Pages

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

1 **APOLOGIES**

To receive apologies for absence from Committee Members.

2 **MINUTES**

To sign the minutes of the meeting held on 19 January 2012.

3 **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.

4 **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC**

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items 12 and13 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 5 and 3 of Part I, Schedule 12A of the Act.

5 **QUESTIONS FROM MEMBERS OF THE PUBLIC UNDER STANDING ORDER 19**

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

Details of questions should be notified to the Corporate Manager Democratic and Civic Support at least three working days prior to the meeting. Further information and a copy of the procedure are available from Member Services (01392 265115) and also on the Council web site :http://www.exeter.gov.uk/scrutinyquestions

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

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

PERFORMANCE MONITORING

7 **CAPITAL PROGRAMME MONITORING TO DECEMBER 2011**

To consider the report of the Strategic Director – *report circulated* 1 - 4

8 **ECONOMY SCRUTINY STEWARDSHIP TO DECEMBER 2011**

To consider the report of the Assistant Director Finance – *report circulated* 5 - 10

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - ECONOMY

9 **SUPPORT FOR SMALL BUSINESSES**

To consider the report of the Assistant Director Economy – *report circulated* 11 - 16

10 **CONSULTATION ON THE NEW GREAT WESTERN RAIL FRANCHISE**

To consider the report of the Directorate Projects and Business Manager – *report circulated* 17 - 34

11 **REPORT OF THE CAR PARKS TASK AND FINISH GROUP**

To consider the report of the Assistant Director Public Realm – *report circulated* 35 - 40

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

12 **ADVICE ON CIVIL PARKING ENFORCEMENT MATTERS**

To consider the report of the Assistant Director Public Realm and Corporate Manager Legal on civil parking enforcement issues - *report circulated to Members* 41 - 44

MATTER FOR CONSIDERATION BY EXECUTIVE

13 **EXETER AND HEART OF DEVON GROWTH BOARD MINUTES**

Members are invited to note the minutes of the Exeter and Heart of Devon Growth Board – *minutes circulated to Members* 45 - 50

DATE OF NEXT MEETING

The next **Scrutiny Committee - Economy** will be held on Thursday 31 May 2012 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 Cole (Chair), Prowse (Deputy Chair), Bialyk, Bull, Choules, Crow, Dawson, Morris, Payne, Robson, Ruffle, Thompson and Wardle

Find out more about Exeter City Council services by looking at our web site *http://www.exeter.gov.uk.* This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Member Services Officer on (01392) 265115 for further information.

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY

8 MARCH 2012

CAPITAL PROGRAMME MONITORING TO DECEMBER 2011

1. PURPOSE OF REPORT

1.1. This report advises Members of the current position with regard to the 2011/12 capital programme for the Economy and Development Directorate.

2. INFORMATION AND ANALYSIS

2.1 This report provides a summary of the current position, with Appendix 1 containing a complete list of capital projects for the Directorate. The Appendix compares expenditure on projects during the year with budgets and indicates what is likely to be carried forward to cover estimated deferred expenditure in 2012/13.

2.2 The right hand column in the Appendix provides comments in relation to the various schemes.

3 RECOMMENDATION

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

KARIME HASSAN
STRATEGIC DIRECTOR

Local Government Act 1972 (as amended)
Background papers used in compiling this report:-
None.

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CAPITAL PROGRAMME 2011/12

1	2	3	4	5	6	7	8	9	10	11	12	13
Project	**Code**	**Lead officer**	**Budget 2011/12 £**	**Total Spend to 31 December**	**Commitments (ie value of orders raised, not yet paid) £**	**Budget 12/13 £**	**Beyond £**	**Value of estimated Deferred Expenditure into 12/13 £**	**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 *(redevelopment of canal basin; refurbished listed buildings; improved public access to area & continued activity on water)*	Z1139	MC	368,410	14,482	0	60,000						Refurbishment scheme for the Old Electricity Building substantially completed and new lease granted. Sutton Harbour schemes have not come forward and ECC and ECQT are considering alternative delivery possibilities. Devon County Council have confirmed their intention to deliver the new Outdoor Education Centre and work is well advanced to facilitate a start on site early in 2012. Tree planting and seating improvements will be carried out along Haven Banks during the year.
City Centre Enhancements	Z1116	RPS (Chris Westlake)	140,000	102,642	24,430	467,220	200,000					£140,000 to be spent in 2011-12: Gandy St complete, Northernhay Gate programmed for completion mid February '12; Rougemont Garden Gate works to start in April '12. Remainder carried over to 2012-13 to be spent on London Inn Square (Paris St/New North Road/Sidwell St).
Corn Exchange Improvements	Z1131	RB	7,550	2,441	0							Toilet refurbishment complete. Remaining monies required to address continuing water pressure problems.
Corn Exchange - Haystack Lantern	Z1216	RB	20,860	20,865	0							Works now complete.
Cowick St Environmental Imps	Z1113	RPS (Paul Osborne)	100,000	50	0	100,000		99,950	RPS - Jan 2012			Programme of works currently being developed. To be implemented in 2012 - carry over 2011-12 budget 2012-13.
137 Cowick Street	Z1208	TJ	130,710	11,114	0							The budget is made up of £108,634 of s106 money plus £22,076 from Age concern. Work started Sept 11 and is anticipated to be complete Feb 12. It is intended to be leased to Age Concern as soon as the works are complete.
National Cycle Network	Z1107	DH	102,830	60,021	12,744							Schemes are continually being designed and constructed for DCC. We then invoice them for works plus 10% for fees throughout the year. Budget for 11/12 adjusted to include latest invoice to DCC raised for £71,470. Next scheme is Pinhoe Station Road with a tender price of £67k which will start mid February with an 8 week programme so some payments will be next financial year.
Floodlighting	Z1156	RPS (Andy Pye)	1,120	0	0			1,120	AP - Jan 2012			Bulk of budget frozen shortly after PMWG had agreed priorities for future work. The £1,120 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							Monies retained for environmental consultant in the event of land transfer
King William St CP Refurb Stage 1	Z1201	RDC (Steve Carnell)	23,300	23,085	20,623	195,000						Remainder carried over to 2012-13 for London Inn Sq (Paris St, New North Road and Sidwell St improvements)
King William St CP Refurb Stage 2	Z1202	RDC (Steve Carnell)	25,000	0	0	875,000						Contractor now appointed. Work due to commence on site early May for 16 week period.
Mincinglake / Northbrook Study	Z1242	DH	63,730	3,851	30,978							Flow monitoring is ongoing. Additional expenditure this year will be £7,000 for reporting and £750 on internal staff fees. Any unspent money goes back to EA/DEFRA. There is a possibility that DCC will fund an additional £15,000 of monitoring next financial year.
18 North Street Panelling	Z1106	RPS (Andy Pye)	2,720	750	1,100							Panelling has been reinstalled; some publication and interpretation material remains to be completed.
Planting Improvements in Riverside Valley Park	Z1408	RPS (Paul Osborne)	14,250	0	0							On hold awaiting confirmation of EA Flood Alleviation Proposals - unlikely to be spent in 2011-12.
Quay House Visitor Centre Improvements	Z1135	RB	2,010	544	1,669							Residual work left from refurbishment last year now being completed. Expected to be completed by year end.

CAPITAL PROGRAMME 2011/12

1	2	3	4	5	6	7	8	9	10	11	12	13
Project	**Code**	**Lead officer**	**Budget 2011/12**	**Total Spend to 31 December**	**Commitments (ie value of orders raised, not yet paid)**	**Budget 12/13**	**Beyond**	**Value of estimated Deferred Expenditure into 12/13**	**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)**
			£		**£**	**£**	**£**	**£**		**£**		
Riverside Valley Park	Z1254	DH	2,570	45	0			2,525	DH - Jan 2012			Balance remaining of section 106 contribution. Recommend carrying forward the balance in case swift response is needed to a threat.
Science Park	Z1150	RB	761,730	25,680	55							Infrastructure for the site progressing well. Alternative approach to taking forward the development of the first buildings currently under consideration.
Signage	Z1117	RPS (Paul Osborne)	31,600	0	0			31,600	PO - Jan 2012			Work progressing with DCC to deliver interactive monoliths. Tenders have just come back in and work probably won't be completed until next year now.
St Katherine's Priory Re-roofing	Z1265	DH	47,000	0				47,000	DH - Jan 2012			Tenders have come in over budget - £75,000 is the lowest. Work programmed to start mid March so unlikely to get any meaniniful expenditure this financial year if it does go ahead. Additional funds to be sought.
Verney House Works from Stock Condition Survey	Z1259	MC	45,000	0	0							Works designed and quotes in hand.
Total			**1,893,630**	**265,570**	**91,599**	**1,777,220**	**200,000**	**182,195**	**0**	**0**	**0**	

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY
8 MARCH 2012

ECONOMY SCRUTINY STEWARDSHIP TO DECEMBER 2011

1. PURPOSE OF REPORT

1.1 This report advises Members of any forecast variations to the budget, based on the first nine months of the financial year 2011/12.

2. INFORMATION

2.1 This report highlights any differences by management unit to the outturn forecast for the first nine months of the financial year up to 31 December 2011 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 increase by £31,650 after transfers to and from reserves and revenue contributions to capital outturn. This includes supplementary budgets of £125,170. Notional charges in respect of IAS19 Pension Costs and Capital Charges have been deducted from this to provide the total budget for management accounting purposes.

2.3 The main variations by management unit are detailed below:

		£
2011-2012 REVISED ESTIMATE Less NOTIONAL CHARGES		**(2,567,770)**
83A1	**PROPERTY & ESTATES SERVICES**	(52,860)

The stewardship report for the first six months of the year reported that income was anticipated to be lower than expected at the end of the financial year. The figures as at the end of December indicate that property income is holding up generally, but some areas of the property portfolio are under pressure which could result in income failing to meet the budgeted amount at the end of the financial year.

Income has been received in the quarter due to the release of a restrictive covenant; this income has been accounted for in the figures but will be used to finance capital expenditure.

Savings are anticipated on the various sub-contractor budgets within the management unit and the service charge budget at Bradninch Place, these savings have been partially offset by an overspend on the National Non Domestic Rates budget due to the liability for this charge falling on the Council when units become void.

83A3	**CAR PARKING**	45,850

Income from off street car park fees and season tickets was 4.9% below the profiled budget at the end of September resulting in a projected shortfall of income at year end in the region of £250,000. The October to December period has seen the shortfall of income against the profiled budget reduce to 0.1%.

Therefore the projected shortfall at year end is now anticipated to be £125,000. This is due to the ongoing uncertainties with the economic climate and a weakness in consumer spending.

The National Non Domestic rates and printing budgets will be exceeded and additional expenditure will be incurred in respect of the opening and closing of Council Car Parks.

The expected shortfall of income and the anticipated additional expenditure will be offset by a saving on the insurance and employee budgets due to a number of vacant posts within the Management Unit.

83A4 ECONOMIC DEVELOPMENT (14,900)

Employment costs are anticipated to be less than the budget due to a vacant post for part of the year. The savings being made on Salaries, National Insurance and Superannuation budgets. A small saving is also expected on transport costs.

83A5 FESTIVALS & EVENTS 3,060

Costs will be incurred in respect of pay protection following a restructure, this has resulted in a small overspend on employment budgets.

83A6 TOURISM 6,330

The expenditure to date in respect of overtime and enhancements has resulted in an anticipated overspend on these budgets; however the overspend will be partially offset by a saving on the budget allocated for casual staffing.

83A8 DISTRICT HIGHWAYS & FOOTPATHS (6,630)

Income has been received in respect of an insurance claim and the expenditure in respect of sub-contractors is anticipated to be less than the budget.

83A9 BUILDING CONTROL 13,080

The Building Control fee earning account is budgeted on a cost recovery basis. The income from building control fees is anticipated to be less than budgeted meaning the break even position may not be achieved at year end.

There are savings anticipated on various expenditure budgets which has partially offset the expected shortfall of income. The anticipated deficit on the fee earning account will be funded from the building control earmarked reserve at the end of the financial year.

83B1	**LAND DRAINAGE**	(14,500)
	The expenditure on the sub-contractor budget within the management unit is expected to be less than the annual budget.	
83B2	**ADMINISTRATION SERVICE**	(21,140)
	Employment costs are anticipated to be less than the budget due to a number of vacant posts within the management unit. The savings being made on Salaries, National Insurance and Superannuation budgets. The savings made will be recharged back to the various management units within this committee at the end of the financial year.	
83B5	**PLANNING**	20,580
	The income budget in respect of planning fees was reported as being achieved in the previous stewardship report. It is now anticipated that the income from planning fees and the pre-application planning fees will marginally exceed the budget at year end. However, various other income sources are anticipated to fall short of the budgeted levels which will reduce this projected additional income. Additional expenditure will be incurred due to costs awarded against the council in respect of a planning appeal at Hill Barton Farm. The additional expenditure has been partially offset by an expected saving on the sub-contractor budget and various supplies and services and transport budgets.	
83B7	**ARCHAEOLOGICAL FIELD UNIT**	196,950
	Income and expenditure figures as at 31 December indicate that the cost of closure will now be in the region of £196,950. This figure is £71,470 less than reported for the first six months of the year. However, there are still a number of uncertainties that could result in this figure changing at the end of the financial year.	
83B9	**MARKETS & HALLS**	(115,590)
	The income in respect of livestock auctions and the use of car park areas was reported to be expected to exceed the budgets for the year. Income received in the October to December quarter from these sources has exceeded the profiled budget meaning income over and above the annual budget will be achieved at year end. The trend of Sunday Markets and Car Boot sales providing income above the profiled budget has also continued in the quarter. It is therefore anticipated that the income budgets will also be exceeded at year end. Expenditure on employment costs in the management unit is expected to be less than the budget with savings being made on National Insurance and Superannuation budgets,	

the savings on these budgets will be partially offset by an anticipated overspend on overtime and enhancements due to the increased number of events being staged.

A saving will be made on the National Non Domestic Rate Budgets at the Livestock Centre and Exeter Corn Exchange.

An overspend is expected on the expenditure budget in respect of event promotion at Exeter Corn Exchange. This overspend will be more than offset by the income generated from the events staged.

83C1	**WATERWAYS**	(39,980)

A saving will be made on the employment budgets in the management unit due to the retirement of the Canal Manager.

The budget in respect of the Harbour Revision Order will not be spent in the year. This budget will be required for various planned works and a request to carry the budget forward will be made at the end of the financial year.

The saving on the employment budgets will be partially offset by an anticipated overspend in respect of the cost of marine insurance, consultants fees and maintenance costs of the canal.

2011-2012 EXPECTED OUTTURN	**(2,547,520)**
UNPLANNED TRANSFERS TO/(FROM) RESERVES	**(18,600)**
REVENUE CONTRIBUTION TO CAPITAL OUTLAY	**30,000**
2011-2012 EXPECTED FINAL OUTTURN	**(2,536,120)**

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

ANDY STARK	**KARIME HASSAN**
ASSISTANT DIRECTOR FINANCE	**STRATEGIC DIRECTOR**

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

1. None

SCRUTINY COMMITTEE - ECONOMY
STEWARDSHIP

APRIL 2011 TO DECEMBER 2011

ANNUAL BUDGET	SUPPLEMENTARY BUDGET	NOTIONAL CHARGES***	REVISED BUDGET	CODE		CURRENT OUTTURN FORECAST	FORECAST VARIANCE
£	£		£			£	£
(2,601,490)	0	6,730	(2,608,220)	83A1	PROPERTY & ESTATES SERVICES	(2,661,080)	(52,860)
81,680	1,500		83,180	83A2	TRANSPORTATION/CONCESSIONARY FARES	83,180	0
(3,378,900)	0	149,180	(3,528,080)	83A3	CAR PARKING	(3,482,230)	45,850
655,030	43,370	8,700	689,700	83A4	ECONOMIC DEVELOPMENT	674,800	(14,900)
207,960	0	1,110	206,850	83A5	FESTIVALS & EVENTS	209,910	3,060
444,400	0	7,170	437,230	83A6	TOURIST INFORMATION	443,560	6,330
26,000	0		26,000	83A7	ARCHAEOLOGY IN EXETER	26,000	0
355,700	0	138,350	217,350	83A8	DISTRICT HIGHWAYS & FOOTPATHS	210,720	(6,630)
65,490	0	4,800	60,690	83A9	BUILDING CONTROL	73,770	13,080
129,070	0	6,070	123,000	83B1	LAND DRAINAGE	108,500	(14,500)
0	0	2,070	(2,070)	83B2	ADMINISTRATION SERVICE	(23,210)	(21,140)
0	0	2,550	(2,550)	83B3	DIRECTOR ECONOMY & DEVELOPMENT	(2,550)	0
0	0	5,380	(5,380)	83B4	ENGINEERING & CONSTRUCTION SERVICES	(5,380)	0
1,147,180	0	23,690	1,123,490	83B5	PLANNING SERVICES	1,144,070	20,580
66,960	18,000	5,790	79,170	83B6	CONSERVATION	79,170	0
118,070	29,300	13,770	133,600	83B7	ARCHAEOLOGICAL FIELD UNIT	330,550	196,950
0	0		0	83B8	MAJOR PROJECTS	0	0
80,580	3,000	21,940	61,640	83B9	MARKETS & HALLS	(53,950)	(115,590)
345,710	30,000	39,080	336,630	83C1	WATERWAYS	296,650	(39,980)
0							
(2,256,560)	125,170	436,380	(2,567,770)		**NET EXPENDITURE**	(2,547,520)	20,250

UNPLANNED TRANSFERS TO / (FROM) EARMARKED RESERVES

83A9 - BUILDING CONTROL (18,600)

*** Includes:
Capital Charges
IAS19 Pension Costs

REVENUE CONTRIBUTION TO CAPITAL OUTTURN

83A1 - PROPERTY & ESTATES SERVICES 30,000

OVERALL FORECAST EXPENDITURE FOR THE YEAR AFTER MOVEMENTS TO/FROM RESERVES **(2,536,120)**

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY

8 MARCH 2012

SUPPORT FOR SMALL BUSINESSES

1 PURPOSE OF REPORT

1.1 To provide Members with an update on the performance of small business support services funded by the City Council.

2 BACKGROUND

2.1 It is important to encourage and support new businesses to replace those that have ceased trading, to create new or perhaps better employment opportunities, and to enable the economy to respond to changing economic circumstances. The generation of new social enterprise businesses is also important to help strengthen and diversify the local economy.

2.2 Social enterprises are businesses that principally have social objectives, with any profits achieved ploughed back into the business or into the community. In essence, the efforts of the social enterprise are invested into providing social benefit not for private financial gain.

2.3 Over the past 12 months, Government has changed the national and regional landscape of business support. Business Link as the primary publicly funded national organisation has largely ceased direct one-to-one client contact. The service is now delivered more remotely via a website providing information and tools for business needs and a national contact centre to help businesses who cannot find the information they need on the web or who do not have access to the internet.

2.4 Government has introduced new forms of help for start-ups for target groups. Support includes the New Enterprise Allowance to help people unemployed longer than 6 months to start a new business and establishing a network of at least 40,000 business mentors nationally to offer practical advice and support for high growth businesses through coaching. It is not clear locally how this initiative is progressing.

2.5 In terms of support for social enterprise, the level of service regionally also appears to have decreased with advisory organisations such as RISE and Co-Active having ceased trading during the current financial year.

2.6 Against this backdrop, and although the current picture is not so positive, it is important to note that according to the latest data available, Exeter has continued to perform relatively well in terms of employment growth and business start ups:

- the city saw a net growth in employment between January 2008 and December 2010 of some 4,500 people; in comparison, Plymouth and Torbay experienced a reduction in employment of some 6,800 and 400 people respectively.

- In 2011, nearly 13% of Exeter's businesses were less than 2 years of age; in Devon the rate was just under 10%

2.7 The City Council provided funding during 2011/2012 for delivery of business support, advice, and guidance including support for social enterprises. This combines with funding from the University's Innovation Centre, to support businesses under the banner of Exeter Business Support, which is a partnership consisting of Peninsula Innovations Limited (PIL), which is responsible for the management of the University's Innovation Centre and Exeter College's Business School. Exeter Chamber of Commerce and the Exeter branch of the Federation of Small Businesses support the Partnership.

2.8 The Fruit Tree for Business is contracted by the City Council to deliver support to new or existing social enterprises. The range of expertise offered by Fruit Tree for Business alongside Exeter Business Support and that provided for innovative/high growth businesses has the additional benefit of ensuring expertise is available across a wide spectrum of business needs in the city. This collaboration of service delivery and cross referrals has brought additional expertise to clients, offered a wider range of possible sources of funding, the development of appropriate business models to meet needs, and has proven to be a useful vehicle of support to secure further investment into Exeter.

3 UPDATE

3.1 The table below summarises the outputs secured from the funding provided by the City Council for traditional business and social enterprise support.

	April 2011 – January 2012	**April 2010 – March 2011**	**Target**
Traditional businesses supported			
pre-start businesses assisted:	129	144	120
small businesses assisted to start-up	31	40	40
recent start-ups and existing businesses	43	71	70
number of jobs created	36	48	40
participants at workshops	69	N/A	N/A
Social enterprise businesses supported			
pre-start businesses assisted:	32	No Data	No Target Set
small businesses assisted to start-up	5	10	10
social enterprises in the pipeline to start-up	8	8 (see 3.2)	No Target Set
recent start-ups and existing businesses	33	57	20
number of jobs created	17	28	10
on-going support for 2010/2011 start-ups	7	N/A	12

3.2 Of the 8 social enterprises in the pipe-line to start-up during 2010/2011, 3 commenced trading in 2011/2012 – 1 of which opted for a traditional business model, 2 registered to trade but have not commenced trading, and 3 decided not to start-up.

3.3 Outputs from the University's Innovation Centre funding providing assistance for business development under the partnership banner of Exeter Business Support are as follows:

39 pre-start businesses supported
9 small businesses assisted to start-up
76 recent start-ups and existing businesses supported
26 jobs created
91 people had their business skills developed
28 business network sessions – involving around 1,050 participants

3.4 The nature of support provided by the combined activities varies according to the needs of the individual business or the audience if provided during a group session. Thus for example, advice and guidance is given to:

- help individuals decide if self-employment is the right pathway for them
- test out and challenge a client's business plan or to help them develop a plan
- assist in financial planning and management processes
- support the protection of intellectual property

3.5 Importantly, clients are assisted in establishing the most appropriate trading entity, be that for example as a sole trader, a partnership, a limited company, a social enterprise, or a co-operative.

3.6 Exeter Business Support has established an Enterprise Club for employed and people unemployed for more than 6 months eligible for the Government New Enterprise Allowance. Training is delivered through 5 modules spread over 6 weeks, and involves a mixture of directed and self-guided learning.

3.7 Innovation and high growth business support led by the Innovation Centre involves a range of services with partners including a student enterprise programme and the provision of an entrepreneur in residence who works with the Business Support Manager in the Innovation Centre to assist students setting up businesses.

3.8 Complementing these business support services is the provision of information on the City Council's website which contains a host of salient economic and social data and contacts for local businesses together with access to our commercial property register. Overall, the Economic Development Service handles between 700 and 1,000 enquiries per year and acts as a conduit and facilitator of bespoke support as and when necessary to help grow businesses and investment in the city.

4 PROPOSAL

4.1 New requests for business support services have come from outside of the city and an increased number of referral routes within the City, as Exeter is one of the few areas where business support is provided. There may be mileage in exploring with neighbouring local authorities the establishment again of business support across all or as much as possible of the wider Exeter economy and/or in establishing a joint service to support social enterprises.

4.2 People looking to return to work or who are unemployed are very likely to need to explore alternative options for income. Self-employment and running one's own business are options for which many people really do need professional advice and guidance, if only to confirm whether it is or not an option for them.

4.3 Support should remain for the development of new start-ups in Exeter. The current economic climate will obviously make trading difficult for many existing small businesses, social enterprises, and recent start-ups. As the current economic conditions are likely to continue, the proposal is that Exeter Business Support and also support for social enterprises in 2012/13 should partly shift their emphasis in delivery. Service activity should also look to ensure that the new start-ups of 2011/12 and from the previous year are given support to promote their survival, to grow their business and create additional employment.

4.4 Whilst the details have yet to be fully developed with PIL and The Fruit Tree for Business for the provision of Exeter Business and Social Enterprise Support in 2012/2013, it is proposed that the Economic Development Service:

- explores with neighbouring local authorities the potential to secure funding and resurrect the establishment of business support across all or parts of Exeter and the Heart of Devon and/or in establishing a joint service to support social enterprises

- negotiates a service level agreement with PIL to deliver the following under the banner of Exeter Business Support:
  - help 20 new businesses to start up
  - support up to 70 recent start-ups and existing businesses
  - continue business skills training through the Exeter Enterprise Club

- negotiates a service level agreement for social enterprise support with the Fruit Tree for Business to deliver the following:
  - helping 5 new social enterprises to start-up
  - consolidating and supporting at least 20 recent start ups and existing social enterprises
  - developing a social enterprise network that secures a sharing of resources and skills between local social enterprises and provides partnering opportunities for tenders and contracts; this should increase sustainability of the smaller organisations by partnership and collaboration.
  - leveraging funds of £10,000 to support social enterprise growth

5 FINANCIAL IMPLICATIONS

5.1 The cost to the City Council for 2011/2012 is set out below.

Service Activity	**Funding**
Business Support	£42,000
Social Enterprise Support	£25,000

5.2 In 2011/2012, Peninsula Innovations Limited contributed £79,749 to the delivery of services supporting innovative and high growth businesses.

5.3 The cost to the City Council to fund business support and the programme of social enterprise support for 2012/13 is £42,000 and £25,000 respectively. The funding to be met from the Economic Partnerships Initiatives Budget.

5.4 Peninsula Innovations Limited will be contributing just over £81,000 for the provision of innovation/high growth business support in 2012/2013, which complements the business support funding of the City Council.

5.5 The combined amount of funding available in 2012/2013 for business support in Exeter will be just over £148,000.

6. RECOMMENDED that:

6.1 the positive contribution made by the Council to supporting local businesses to start up and also trade be noted;

6.2 the forthcoming release of £42,000 and £25,000 respectively for the provision of small business support and social enterprise support from the 2012/2013 Economic Partnership Initiatives Budget be welcomed; and

6.3 Economic Development Service officers be authorised to negotiate service level agreements with Peninsula Innovations Limited and The Fruit Tree for Business for the delivery of services outlined in the report.

RICHARD BALL
ASSISTANT DIRECTOR – ECONOMY

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-
1. Economic Development Service Update – Scrutiny Committee – Economy, 9 June 2011

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY
8 MARCH 2012

CONSULTATION ON THE NEW GREAT WESTERN RAIL FRANCHISE

1 PURPOSE OF REPORT

1.1 This report is to give Members the opportunity to comment on the Council's proposed response to the consultation on the new Great Western rail franchise.

2 BACKGROUND

2.1 The Great Western rail franchise is due for renewal in April 2013. This is very important to Exeter, as most train services through the city are operated under this franchise. It includes intercity services between London Paddington and destinations further west, such as Torbay, Plymouth and Penzance. It also includes services on the local lines to Exmouth, Barnstaple and Paignton.

2.2 The current franchise began in 2006 and it is widely recognised that it was underspecified. First Group seriously underestimated the number of trains they needed to run, and the quantity of rolling stock necessary to run them, with the result that some of the vehicles previously operated by Wessex Trains were reallocated to other parts of the county. For the last six years the system has gradually recovered, with many trains now in the timetable not forming part of the original franchise specification. The Department for Transport (DfT) has confirmed that the current level of service will be the starting point for the new franchise, but it is unclear to what extent this includes services currently funded by third parties such as Devon County Council.

2.3 The new franchise will be for 15 years so it is even more important to get it right. Our Core Strategy envisages at least 12,000 additional dwellings in Exeter alone by 2026, together with 60 hectares of employment land and up to 40,000 square metres of net retail floorspace. With the city's arterial roads operating at capacity, rail is intended to form a key role in our transport strategy, with Devon County Council's "Devon Metro" project proposing new stations and longer and more frequent trains.

2.4 There has been some concern that the DfT will favour a light touch approach to new franchises, leaving much to the commercial discretion of operators rather than providing a detailed specification. The consultation paper for the Great Western franchise provides some reassurance through the sheer volume of detail on which stakeholders' views are sought.

2.5 The DfT appears to recognise that the Great Western franchise covers a much more varied network than, for example, the West Coast Main Line (WCML) franchise, for which an Invitation to Tender has recently been published specifying minimum numbers of trains for every station together with first and last train times for key services. The Great Western comprises local, suburban and regional services as well as intercity trains. Accordingly, there is much detail that ought to be included in the specification in addition to the items specified for the WCML.

3 OUR APPROACH AND SPECIFIC ISSUES

3.1 Rail is currently undergoing a renaissance after years of decline. Cross-party political support has set the scene for ambitious modernisation projects, such as a high speed line to the Midlands and North, as well as electrification of the main line out of Paddington to Bristol and Cardiff

3.2 It is therefore vital that Exeter and the far South West do not lose out. There is sometimes a perception that the South West is less effective at lobbying than other parts of the UK, because it is less good at speaking with one voice. To overcome this, TravelWatch South West (a social enterprise company and advocate for public transport users across the region) is co-ordinating a franchise-wide strategy. At an earlier stage in the franchising process, TravelWatch SW produced a comprehensive lobbying document, "Greater Western or Lesser Western?", and there is evidence in the franchise consultation that this document has already influenced the DfT's approach. The City Council contributed to the lobbying document and is contributing to the formal response that TravelWatch SW is now formulating, to deal with the strategic issues affecting all local authorities and other stakeholders across the South West.

3.3 Key points identified by TravelWatch include the following:-

- a smooth transition to the new franchise;
- capacity, ie. ability to get a seat;
- value for money, not just ticket prices, but cost of parking at stations;
- "turn up and go" passengers paying more and not getting seats.

Additional points relate specifically to stations, namely:-

- passenger environment;
- staffing;
- ease of ticket purchase;
- security;
- accessibility and interchange.

3.4 In addition, the City Council continually engages with local Rail User Groups, the Exeter Chamber of Commerce and Industry, and Devon County Council as Local Transport Authority. Their views have been taken into account in formulating the City Council's own response to the consultation.

3.5 A draft of that response forms Appendix 1 to this report. Before dealing with the specific questions, the document describes Exeter's role as an economic centre, punching above its weight. The Secretary of State for Transport acknowledges the importance of rail in supporting economic growth, as evidenced by the investment announced in projects such as High Speed 2 and electrification, and our response argues that this applies equally to Exeter. Without proportionate investment in our rail system, our rail service (particularly journey times) will deteriorate relative to other cities, and Exeter's role as an economic powerhouse would be put at risk.

3.6 In relation to intercity services, current electrification proposals do not extend as far as Exeter, but we should continue to press for progressive electrification (the Government's stated national policy) to reach the city during the lifetime of the franchise. This is a point in favour of retention and further refurbishment of the existing High Speed Trains (HSTs) rather than their replacement by a new diesel intercity fleet, which would make electrification to Exeter a very remote prospect. Also, if the HSTs were confined to fast services to Exeter and the far South West, their seating could be reconfigured so as to be more suitable for such use, with more table seating and wi-fi connections to assist business travellers. (Our position in respect of local train retention versus replacement is somewhat different, for reasons explained below.)

3.7 Fast trains to London are important to business users in particular, and the objective should be a clock face timetable with one fast and one slower train per hour. In the meantime, Exeter Chamber members have identified the ends of the day as priority times for fast services, together with mid-morning down services, and this is reflected in the draft response.

3.8 Turning to local services, the franchisee should be required to provide the longer trains envisaged by Devon Metro, serving the additional stations when they are provided. The draft also reflects what is believed to be a local consensus that all local trains should serve Polsloe Bridge and St James' Park.

3.9 The introduction of passing loops, to enable more than one additional station on the Exmouth line, coupled with a 15 minute frequency, is a longer term objective but one that we would wish to see achieved within a 15 year franchise. There is a need for the franchise to be reviewed at intervals during its lifetime so that services can be adjusted to meet future needs.

3.10 There is concern that the DfT continues to refer to the operator working within "defined rolling stock constraints", given the current shortage of local diesel trains and the fact that there is no intention to order additional stock. While some trains will be cascaded by electrification elsewhere, there are some lines which are unlikely ever to be electrified, and it is unrealistic of the DfT to assume that the existing diesel trains (which have not been refurbished to the same standard as the HST fleet) can be expected to last indefinitely. There has to be scope for train operators nationally to organise a rolling replacement programme, as recommended by Network Rail's recent rolling stock strategy document, and indeed "smoothing" the supply of new trains would potentially save money compared with a "stop – go" approach to procurement.

4 CONCLUSION

The draft response appended to this report covers these and other issues and Members are asked to endorse the response, subject to any alterations or additional points they may wish to be included.

5 RECOMMENDED

That Members comment on the proposed response to the Great Western franchise consultation.

ROSS HUSSEY
PROJECTS AND BUSINESS MANAGER

Local Government Act 1972 (as amended)
Background papers used in compiling this report:-
Devon Metro Appraisal Report – Devon County Council, 2011.
Specifying the new Greater Western Franchise: Greater Western or Lesser Western? – TravelWatch SouthWest, September 2011.
Network Route Utilisation Strategy (Passenger Rolling Stock), Network Rail, 2011.

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APPENDIX 1

GREAT WESTERN RAIL FRANCHISE

DRAFT CONSULTATION RESPONSE FROM EXETER CITY COUNCIL

Introduction

I Exeter City Council welcomes the opportunity to respond to such a detailed consultation exercise. Before responding to the specific questions, it would be helpful to set out some background and key principles.

"Good transport equals good economics"

II So says the Secretary of State for Transport[1], and we agree. We support her aspirations for "a modern, fast reliable railway that will transform connections between our cities, regions and the continent" and "truly rebalance our economic geography"[2]. The Secretary of State was speaking about High Speed 2 (HS2), but she could equally have been referring to the Great Western railway serving Exeter and the wider South West.

Exeter as an economic driver

III Exeter's economy punches above its weight; the city is an employment hub supporting a population of more than 500,000 people, having grown at 6.6% per annum between 1999 and 2009 (compared with a national average of 4.6% pa), thereby creating 19,000 additional jobs. Exeter's Core Strategy provides for at least 12,000 additional dwellings, 60 hectares of employment land and up to 40,000 square metres of net retail floorspace by 2026. Significant growth is also planned within the city's immediate surroundings, which the Great Western Route Utilisation Strategy (RUS)[3] acknowledges will result in around 18,500 additional dwellings, 37,000 additional inhabitants, and up to 28,500 extra jobs by 2026.

The role of rail in supporting the economy

IV Around 44% of Exeter's labour force commutes in from surrounding areas, and the city's arterial roads operate close to capacity for much of the day[4]; therefore rail will need to play a key part in growing the local economy, getting people to work and catering for other travel needs. The Secretary of State rightly acknowledges this in the national context and Exeter's situation is no different. Indeed, ambitious rail projects elsewhere, such as HS2 and electrification to Bristol and Cardiff, risk putting Exeter and the far South West at a competitive disadvantage. Given Exeter's role as an economic powerhouse, reaching far beyond its boundaries, this must not be allowed to happen.

Our response to the consultation

V While this response naturally has an Exeter focus, it is definitely not a self-centred pitch on behalf of the city or a narrow interest group. We have

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[1] The Rt Hon Justine Greening MP, speech to ADEPT, 18 January 2012.
[2] Speech to Transport Times conference, 26 January 2012.
[3] Network Rail Great Western Route Utilisation Strategy, March 2010, para 5.2.2.4 and Figure 5.1
[4] LTP3 Evidence Report, para 7.9.6

contributed to TravelWatch South West's articulate statement of stakeholders' proposed principles for the new franchise, "Greater Western or Lesser Western", and are similarly contributing to that organisation's response to the consultation. We continually engage with local Rail User Groups, the Exeter Chamber of Commerce and Industry, and Devon County Council as the Local Transport Authority, and their respective views and aspirations have been reflected in our response. Our specific "asks" of the new franchise complement those of others, rather than conflicting with them, being based on principles which apply across the whole franchise area.

VI In broad terms these principles are:-

- capacity;
- speed;
- frequency;
- working with customers and other stakeholders.

Our responses to the specific consultation questions are based around these principles.

VII **Capacity** We welcome the fact that the current level of service is to be the starting point for the new franchise, with no regression to the inadequate level of service specified in the existing franchise. "Current level of service" should mean the entire service pattern described in Chapter 7 of the consultation document, including all rolling stock used thereon, however funded. In addition, the new franchise needs to give the operator both the freedom and incentives to enhance services to match growth. Use of rail services within Devon increased by 59% between 2002 and 2010[5]. In 2011 alone, Exeter/Exmouth/Paignton services saw a 10.7% increase and Exeter/Barnstaple a 14/6% increase[6]. This strong growth looks set to continue given the amount of growth planned in the subregion.

The rail industry has surprised everyone over the past 15 years, so the next 15 are impossible to predict. The franchise needs to contain mechanisms for review at regular intervals, to determine the appropriate level of service to go forward.

VIII **Speed** As the Secretary of State has observed in support of HS2, "Who would choose to have a slow train journey rather than a fast one?"[7] It is particularly important for Exeter's journey times to London to keep pace with those from other cities, at the same time bringing travel time advantages to Plymouth and Cornwall. Complementary to this is the ability to work on intercity trains, with sufficient table space and reliable wi-fi connections.

IX **Frequency** Increasing the frequency of trains increases capacity. It also increases end to end journey speed by reducing the time spent waiting for a train.

X **Stakeholders** First Great Western deserves credit for working well with Local Transport Authorities, Rail User Groups and the Devon and Cornwall Rail Partnership. This should be a feature of the new franchise, whoever wins it.

[5] LTP3 Evidence Report, para 6.4.2
[6] Figures from First Great Western
[7] Speech to Transport Times conference, 26 January 2012

The system needs to be responsive to local needs – it should be a requirement of the new franchise that the operator must work with local stakeholders to develop schemes embodied in LDFs and LTPs. We fully support Devon County Council's "Devon Metro" proposals, contained within its LTP3[8], as making best use of existing infrastructure through some well-targeted improvements, and these proposals underpin the growth planned through our Core Strategy. In summary Devon Metro comprises:-

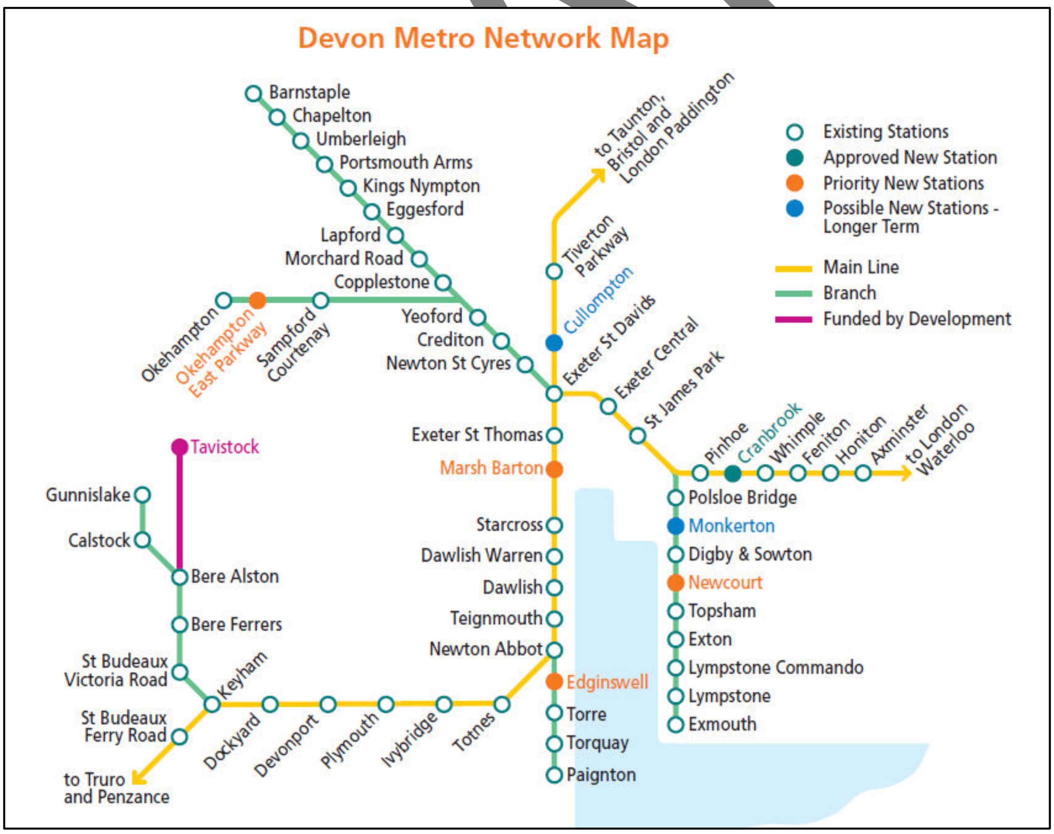
Short Term

- *4 car trains in the peaks*
- *New station at Newcourt on the Exmouth Line*
- *New station at Marsh Barton*
- *30 minute local service frequency on the Paignton Line (RUS proposal)*
- *Cranbrook Station**

Longer Term

- *30 minute frequency to Cranbrook, Honiton and Axminster**
- *Further new stations on the Exmouth line*
- *15 minute frequency on the Exmouth line*
- *15 minute frequency on the Paignton line*

**Served by South West Trains, but see response to Q6.*



Source: Devon County Council

[8] At p56 ff

Responses to the specific consultation questions

Italic text generally indicates other material taken from the consultation document, included in this draft response to assist understanding, but some of which will be removed from the final version.

1. Are the proposed franchise objectives an appropriate expression of the priorities?

   (i) *"Effectively **manage franchise changes** by working collaboratively with the Authority and other industry partners to ensure that the Great Western upgrade, Crossrail project works and future transfer of services to the Crossrail operator, and the Intercity Express Project procurement programmes are successfully delivered and the benefits envisaged are fully realised;*

   (ii) *Provide **appropriate capacity** for passenger services which **delivers value for money for the taxpayer** within **defined infrastructure and rolling stock constraints** on the Great Western network;*

   (iii) *Ensure the **overall passenger experience improves** throughout the life of the franchise. This will include but not be limited to improvements in: service quality; retailing; provision of information to customers particularly during times of planned and unplanned disruption; implementing 'smart' technology and integrated ticketing throughout the franchise area on an interoperable basis; improving accessibility (including disabled access) and access to all stations and services; passenger security and improving the transparency of information about the franchise;*

   (iv) *Ensure that train services perform to the **highest practical reliability and punctuality standards** and continue to be amongst the most reliable and punctual services on the national network. Benchmark and optimise the overall environmental performance and **minimise the carbon footprint** for the franchise;*

   (v) *Deliver services in the **most cost-effective and efficient manner possible** and, where appropriate, consider improving alignment and better collaboration between Network Rail and other relevant industry partners. Consider **possible devolution** of some specification or management of services in keeping with the recommendations of the McNulty Report."*

It is essential that expressions like "value for money", "cost-effective" and "efficient" are not interpreted as meaning "on the cheap", but are given a qualitative dimension. In other words, they should mean that taxpayers and users get good value in return. It is imperative that DfT is not tempted by a bargain basement bid that short-changes all stakeholders.

We are also concerned that the "defined infrastructure and rolling stock constraints" need to reflect current deficiencies and allow for future growth. See answer to Q2.

Following on from our introductory paragraphs, we consider there should be an additional objective: "Take full advantage of the potential of the rail network to contribute to economic growth, both by connecting the south west with London, and by effectively serving local commuter markets across the franchise area."

2. Specific local factors that might influence the future level of passenger demand, and HLOS recommendations that the franchisee should be required to implement.

The HLOS for 2014-19 (CP5)[9] is not due to be published until summer 2012, but the Initial Industry Plan (IIP) which will inform it recognises the sharp growth in demand for rail over the last decade in the commuter markets to major employment centres[10], together with “a sound business case for investment to support the growth of the regional economies these services support”. It also recognises an increasing demand in the long distance travel market, and the associated Network Specification (Western) recognises[11] that "linespeed improvements will be required to further maximise the benefits IEP will bring”.

The IIP identifies a number of “investment choices”[12] which will be vital to the economy of Exeter and its wider subregion, to deliver the housing and employment growth outlined in introductory paragraph III. It is therefore essential for these to be included in the HLOS and accommodated in the franchise specification:-

InterCity enhancements (in order of priority):-

- capacity improvements at Westbury;
- line speed improvements between Bristol and Bridgwater;
- capacity improvements at Filton Bank and Temple Meads (both Bristol);
- new interchange at Old Oak Common;
- western rail link to Heathrow airport.

Devon Metro (see introductory paragraph X)

- new stations at Newcourt and Marsh Barton;
- 4 car trains during the peaks;
- additional Paignton service (see Q4).

The Devon Metro improvements are themselves likely to release frustrated demand, as shown by Digby & Sowton station on the Exmouth branch, which opened in 1994 and now caters for over a quarter of a million passengers annually.

The aim is to fund the stations themselves from funds raised locally, such as through section 106 planning agreements and Community Infrastructure Levy. However, these sources will not stretch to the passing loops and associated signalling required for the longer term objectives of Devon Metro. These will therefore require investment from Network Rail, and the operator will be required to operate the additional services. Planning for this should form part of the mid-franchise review referred to in introductory paragraph VII.

3. Local factors to be considered in connection with major schemes (electrification including DMU redeployment, Reading blockades, Intercity Express programme, Crossrail).

Electrification, Reading blockades and Crossrail are all likely to cause disruption to InterCity services to Exeter and the wider South West. As with the WCML ITT[13], bidders should be required to show what specific actions they would expect to take to

[9] HLOS = High Level Output Specification; CP5 – Control Period 5, ie. 2014-19
[10] IIP at p9
[11] At p11
[12] At p12 ff
[13] West Coast Main Line Invitation to Tender, para 3.3.1.11

ensure that the timetable can be delivered robustly and reliably. Please also refer to Q22.

It is essential that all trains from the South West call at Old Oak Common once it becomes the principal interchange west of London. To maintain journey speeds, we consider that the number of trains from the South West calling at Reading should then be significantly reduced (see answer to Q11).

Specifically on the issue of **DMU deployment**, we are seriously concerned about the adequacy (in terms of quantity and quality) of the DMU fleet into the future, given the lack of any plans for rolling replacement. These concerns are echoed in the IIP[14], which says "a key part of franchise reform should be to open the provision of rolling stock to the competitive tension of the franchising process, to negotiate the best balance between life extension, cascade and new build in each franchise area".

Many peak local services through Exeter are currently formed of two cars, often the lower capacity Class 143s, which have proven inadequate and cause overcrowding as acknowledged in the RUS[15]. If the current upward trend in rail use continues, and is augmented by the growth in housing and employment planned for Exeter, it will be essential to increase train lengths and ultimately frequencies, as proposed through Devon Metro (see introductory paragraph X).

The successful bid must address this issue and include a commitment to increase the DMU fleet during the period of the franchise. At the very least, the Class 165/166s displaced by electrification of the Thames Valley lines should be retained on the Great Western for use on local services such as the Devon and Bristol Metros. (Their construction to Brunel loading gauge supports this, as these lines would require less, if any, modification to accommodate them than would lines elsewhere.) However, this would only result in a significant increase in vehicles if in addition some Class 15x units were retained.

While we fully support progressive electrification of the network, we have grave concerns about the adequacy of the residual DMU fleet into the future. Some lines are likely never to be electrified, so it is unrealistic to expect the existing DMU fleet to last for ever without replacement:-

- The Class 150 units are 25 years old now; the class 165/166s around 20 years old. By the end of the franchise they will be over 40 and 35 respectively.
- Some units are already in poor condition; some of the 150s recently cascaded to FGW have not been maintained to the standard of their previous fleet.
- The existing fleet fails to satisfy standards for persons of reduced mobility and modification of some older vehicles may not be cost-effective.

(Our position is different in relation to the HST fleet which has been refurbished and better maintained, and which we wish to see retained as explained in response to Q13 and 14.)

The new franchisees of the Great Western and other parts of the network should therefore be required to work together to achieve a rolling replacement programme as recommended by the Network RUS: Passenger Rolling Stock[16]. Since the need is for a "go anywhere" DMU, a development of the "Turbostar" family would be a logical way of achieving this.

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[14] At para 8.3.2
[15] At para 6.9.12
[16] Network RUS – Passenger Rolling Stock, Section 8.5

Alternatively, if main line electrification reaches Exeter during the lifetime of the franchise, incremental electrification of branches would provide a total or partial solution by enabling use of cascaded EMUs.

4. Specific RUS recommendations that the franchisee should be required to implement.

The RUS recommends[17] an additional hourly Paignton - St James' Park service from 2016, which forms an element of Devon Metro (see introductory paragraph IV). There should be a requirement for the franchisee to implement this at an early opportunity, given that it can be achieved on existing infrastructure. When the new station at Cranbrook (on the Exeter to Waterloo line) opens, this service should be extended beyond St James' Park, at least to Cranbrook (see Q6).

Generally, the RUS is a distinctly unambitious document given the acknowledgment within its pages of the growth due to take place in and around Exeter (see introductory paragraph III). The recently issued IIP sets out a number of options which should be included in the HLOS and accommodated in the franchise specification (see response to Q2).

5. Investment priorities for the franchise, including alternative approaches to reduce cost.

For investment priorities, please refer to our responses to other questions.

We would highlight the following as potential areas for cost reduction:-

- Closer alignment of incentives between the TOC and Network Rail.
- Infrastructure improvements to be carried out by whichever party can achieve the most cost-effective solution, whether it be Network Rail, the TOC, a local authority, or someone else.
- Consideration of alternatives to the leasing of stock from RoSCos, given the high price for leasing additional elderly vehicles. For example, a parent company for a number of franchisees may find it cost-effective to own outright a small fleet of DMUs (see response to Q3) and should be permitted to do so.

6. Changes to services as part of a remapping exercise.

The Devon Metro proposals include a new station at Cranbrook to serve a new settlement of 6000 new homes[18], currently progressing through GRIP stage 4, and due to be delivered with section 106 funding on occupation of the first 1000 homes. The existing South West Trains Exeter-Waterloo service will call every hour.

As mentioned in response to Q4, the proposed Paignton – St James' Park could be extended along the Waterloo line to improve connectivity across Exeter; it is understood that it could run to Axminster every two hours. As Cranbrook expands, an hourly service would complement the existing hourly South West Trains service but would require signalling alterations.

There would be advantages in including these additional services, and at least some of the intermediate stations between Exeter and Axminster, in the Great Western

[17] At para 6.9.12
[18] 6000 homes projected by 2026, with scope for further expansion

franchise, to provide consistency of operation across the Devon Metro network. We are not suggesting any reduction in the highly valued Waterloo service, merely that this would run over part of an expanded Great Western network.

7. Increments or decrements.

We consider that the increased service levels and other enhancements proposed through Devon Metro, referred to in our responses to other questions, reflect what is required to address existing shortcomings and enable the rail network to cater for future growth. As such they should be mainstream franchise requirements, rather than increments to be funded by a third party.

Similarly, the franchisee should be required to provide sufficient rolling stock to run these services with enough carriages so that everyone generally gets a seat, and it should not be down to Local Transport Authorities to fund additional vehicles to rectify shortages as has happened under the current franchise.

8. Devolution.

The current operator has successfully devolved management on an area basis, which has led to productive co-operation with local authorities, user groups, and community rail organisations. This has resulted in an ability and willingness to adapt services to meet local needs, and to ensure that this continues, the new franchisee should be required to adopt a model which involves locally-based management rather than centralised control.

Devolution to Local Transport Authorities could be appropriate for some local service networks which are largely self-contained, such as that in Devon (along its historical boundaries including Plymouth and Torbay) and indeed Cornwall. It would be essential for sufficient funding to be transferred with any devolution of power.

9. Relevant research, evidence or publications.

None in addition to those referred to elsewhere in this response.

10. Which aspects of service should be mandated, and which could be left to greater commercial discretion.

We consider that different approaches should apply to Intercity and local services (by the latter we mean services such as Exeter-Exmouth, Exeter-Paignton and Exeter-Barnstaple). The table below indicates aspects that should be mandated, and in what way.

Aspects suggested by DfT	**InterCity**	**Local**
First and last train times	Yes (latest arrival times of first trains, earliest departure times of last trains)	
Frequency of services by week, day or hour	Trains per day	Trains per hour (Exeter-Barnstaple currently includes gaps in basic hourly service, which need to be filled)

Calling patterns	Some trains, see Q11/12	Yes, see Q19
Journey times	Yes for certain number of trains per day, see Q11/12	Not important on shorter branches; is on longer ones (Exeter-Barnstaple)
Capacity	Yes, see Q23	
Week v weekend services	Different treatment required because of different markets	7 day railway = presumption should be that weekday off peak service applies at weekends, and in evenings
Onward connections	Yes - work towards standard pattern timetable[19]	

As stated in introductory paragraph VII, the franchise should contain a mechanism for periodic reviews so that necessary adjustments to the timetable can be carried out. However, in adjusting the timetable, the franchisee should be required to consult stakeholders and take their views into account, as set out in introductory paragraph X (and which reflects the way that First Great Western has actually operated).

Current/indicative InterCity service pattern (as it affects Exeter), relevant to Q11-15.

- *Hourly Paddington to Plymouth, with some through trains to Torbay and to Penzance.*
    - *It is suggested one IEP (bi-mode) train will run per hour semi-fast to Westbury, with some extensions to Exeter and one mid-day round trip to Paignton.*
    - *Non-IEP trains will deliver Paddington-Plymouth/Cornwall services, and the majority of Paddington-Paignton services.*
- *Nightly sleeper to Penzance.*

11. What balance should be struck between end-to-end journey times and intermediate stops on long distance services; and

12. Can the indicative modelled intercity service pattern be improved?

Q11-12: It is essential that the current pattern is maintained in so far as all trains call at Exeter St Davids, in view of its role as a hub for connections.

The ultimate objective should be a clock face timetable with hourly fast trains (eg. Paddington-Taunton-Tiverton Parkway-Exeter and beyond, with a London-Exeter time of around 2 hours) plus hourly slower services. If current patronage does not justify, and initial resources do not permit, two trains per hour at all times, fast trains are a priority at the beginning and end of the working day (to enable someone from London to do a day's work in Exeter, and vice versa), as well as mid morning in the down direction (for travel after an overnight stay in London).

When Old Oak Common becomes the key interchange west of London, all trains should stop there. In consultation with Stakeholders, the operator should review whether all trains need to call at Reading as they do currently.

[19] A standard pattern timetable is a "broad expectation" in the West Coast Main Line ITT, para 3.2.1.

13. Should HSTs be refurbished, if so how many, and what would be their revised life expectancy; and

14. Should other intercity rolling stock be acquired or cascaded.

Q13-14: There are several advantages in keeping refurbished HSTs for all non-IEP intercity trains, until displaced by progressive electrification:-

- This would be consistent with the Government's stated policy of progressive electrification.
- With the right seating configuration, they are capable of being a very comfortable train, suitable for rapid services to Exeter and beyond, whereas the bi-mode IEPs could have a higher density configuration suitable for the Paddington-Exeter semi-fasts.
- There will be a plentiful supply of these units, to ensure availability.

As mentioned in introductory paragraph 8, the ability to work on the move is essential, so the following (including in standard class) should be included in any refurbishment:-

- Seating at tables where passengers can work;
- Reliable, free wi-fi. We understand Network Rail's wi-fi system system is inadequate, a possible solution being for the operator to work with mobile operators to achieve comprehensive coverage for all mobile broadband networks across the franchise area.

15. What should be the future of sleeper train.

The DfT should be guided by the views of those further west, for whom this is undoubtedly a valuable service.

16. Not relevant to us (outer suburban services).

17. Not relevant to us (non-electrified branches in Home Counties)

18. Not relevant to us (are Portsmouth – Brighton services best use of diesel rolling stock?)

Q16-18: No comment.

19. Should branch line stations continue to be served by all trains.

The Devon Metro proposals are designed to make best use of existing rail infrastructure, and limited stops mean that some stations are an underused resource, probably with unexploited demand.

In Exeter this applies to St James' Park and Polsloe Bridge – these are not lightly-used stations but are situated in heavily populated suburban areas, accounting for 46,750 and 70,000 journeys respectively in 2009/10[20].

To provide a true "metro" system we believe all local services should call at these stations. This needs to be mandated by the franchise, given that the existing franchisee chooses not to operate services in this way.

[20] Figures from Office of Rail Regulation, National Rail Trends

20. Value of regional services eg. Cardiff – Portsmouth.

No comment.

21. Suggest service changes.

Please refer to other relevant answers.

22. How to deal with planned disruption and alternative service propositions.

The aim should be to keep passengers on trains (rather than buses) as far as possible, as reflected in the ITT for the West Coast Main Line. The current franchisee has responded to pressure from Rail User Groups to limit closures to part of a branch rather than the entire line, and this should continue.

Pressure from Network Rail to increase the length of Saturday night / Sunday morning possessions (as in para 3.2.5 of the WCML ITT) should be resisted. The current franchisee has been effective, for example, in achieving earlier Sunday services on the Exmouth branch in response to pressure from the local Rail User Group, and there should be no regression from this. Indeed, on dual lines, the industry should work towards avoiding total where possible by using single-line working through engineering sites.

23. Mechanisms for ensuring adequate capacity, and how it should be measured.

Generally this should mean everyone getting a seat.

The West Coast Main Line ITT refers to this as an expectation, but indicates that it “may not be realistic for some peak short distance passenger flows (ie. those under 20 minutes)”. In the Exeter area there are no true intercity flows where this would be justifiable, as any short-term overcrowding of intercity trains is a symptom of inadequate capacity on local services.

Local services in Exeter do not benefit from a captive market like services in, say, London, and having to stand reduces the train’s competitiveness with other modes, particularly the car. It also prevents using the journey productively by reading. Getting a seat is the second priority for passengers according to survey work by Passenger Focus (after punctuality/reliability).

24. Any performance areas of concern.

The major area of concern is the lack of information when things go wrong. See Q30.

25. How to improve efficiency of industry and reduce unit costs.

Bidders should be required to indicate how they will work with Network Rail to align incentives and improve value for money.

A rolling replacement programme for rolling stock (see Q3) has the potential to reduce procurement costs, as identified by the Network RUS (Rolling Stock).

26. How to fund major station enhancements. Any local accessibility issues.

We favour comprehensive station leases to operators, including bridges and forecourts. The current division of responsibilities, particularly between train operators and Network Rail, results in incomplete refurbishment programmes where both parties are unable or unwilling to co-ordinate works.

The operator should be required to consult local stakeholders and take their views into account when making changes to stations.

The successful bidder will need to recognise that many stations are likely to see continued growth, and will need to be developed to accommodate this. For example, Digby and Sowton station (on the Exmouth branch) was opened in 1995, and usage increased to around 250,000 passengers p.a. within 15 years. Increasing usage on this scale creates a need for additional facilities in terms of waiting shelters, ticket machines, bicycle parking, and car parking (where applicable).

27. Proposals for Access for All schemes.

Bidders should be required to demonstrate how they will continue to improve access to stations and trains by all users.

28. How to improve security and safety.

Bidders should be required to maintain existing levels of CCTV as a minimum, and demonstrate how any reductions in staffing levels would be balanced by enhancements to other security measures. An example of good practice is the recent introduction at Exeter Central of a waiting room with a window into an office, meaning that staff are visible and available to assist when required, without the need to provide dedicated staff to deal with the public all of the time.

29. How to make ticket purchase easier and minimise revenue loss.

As a minimum, a ticket vending machine should be located at every station. If cashless machines need to be used at high-crime locations, an alternative is necessary for passengers (such as children) without access to credit or debit cards. An example would be smartcards capable of being topped up online or at local shops.

In the interim at least, popular destination stations (such as Exeter Central and St Davids) with large numbers of passengers arriving from unstaffed stations should have on-platform ticket machines to reduce congestion at the barriers being caused by people without tickets.

As with the WCML ITT[21], bidders should be required to introduce ITSO smart ticketing, and to work with local authorities who wish to introduce multi-modal ITSO schemes.

The current franchisee offers certain local carnet and season ticket products aimed at part-time workers[22], and these should be retained (as a minimum) and where possible rolled out across the franchise area.

The existing level of gate line coverage should be maintained and increased during the franchise.

30. How best to communicate with passengers including during disruption.

[21] At para 3.4.4.1
[22] eg. for certain journeys in Devon and Cornwall

Credit should be given to bids which set out proposals for:-

- Improving information to passengers, such as extending the coverage of real time information displays, coupled with making the most effective use of staff resources and help points. As a minimum, current levels of help point and RTI provision should be maintained.
- Improving the supply of prompt and reliable information to passengers during times of disruption, including advice about alternative travel options.

31. How to monitor and improve service quality (include proposed approach).

The key issue here is to minimise delays and cancellations, followed by achieving high levels of customer satisfaction. The franchise needs to include some clear targets[23] and require bidders to demonstrate how they plan to ensure they are achieved.

32. What level of catering provision.

The catering service provided by First Great Western is considered to be an example of good practice, and the new franchise should require at least this level of catering to be maintained.

33. Local accessibility and mobility issues.

Bidders should be required to set out how they will progress the implementation of the Railways for All Strategy.

Bidders should be required to work with local authorities to determine and provide the appropriate level of car parking at stations, bearing in mind the distinction between (a) stations (principally rural railheads) where parking capacity needs to match demand so as not to inhibit rail travel, and (b) other stations (principally in urban areas) where parking needs to be limited as part of a package of measures to encourage linked journeys by other sustainable modes.

Parking charges should be set at a level that is proportionate to the price of the train ticket. At present, this is generally considered to be the case at local stations, other than Tiverton Parkway where the charge makes it unattractive to park for a short train journey. The availability of combined parking/local train tickets (as sold at Exmouth) would be a way of resolving this.

34. What environmental targets.

Credit should be given to bids which:-

- Make use of existing depots for the non-IEP fleet, eg. Exeter (recently extended, resulting in the creation of additional local jobs); this avoids wastage of existing valuable infrastructure, and a reduction in the number of depots would result in an increase in dead running and therefore use of fuel[24].

[23] As in the WCML ITT, para 3.5.1
[24] This is consistent with the WCML ITT, para 3.10.2, which expects bidders to consider energy efficient stabling arrangements.

- Make best use of rolling stock in the context of the network as a whole (eg. retaining Class 165/166s which, with their Brunel loading gauge, are a better fit for Great Western lines than elsewhere in the country).
- Include ambitious proposals for enhancing facilities for cyclists at stations throughout the franchise area, and for maximising opportunities for taking non-folding bikes on trains. The carrying of folding bikes should be allowed on all trains.
- Include ambitious proposals for encouraging travel by multiple sustainable modes, including enhancing interchange facilities with other public transport modes, integrated ticketing such as PlusBus, and mutual supply of information about other operators' services.

How this response has been compiled

This response has been prepared with the approval of the Council's Scrutiny-Economy Committee.

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY

8 MARCH 2012

REPORT OF CAR PARKS TASK AND FINISH GROUP

1.0 PURPOSE OF REPORT

1.1 This report informs the Committee of the deliberations, conclusions and recommendations of the Car Parks Task and Finish Group.

2.0 BACKGROUND

2.1 At its meeting on 8 September 2011, this Committee agreed to establish a Car Parks Task and Finish Group (CPTFG) to focus on the broad question of optimising income from the Council's car parks in the current very challenging financial climate. A verbal report on the proposed terms of reference for the Group was made to the meeting of this Committee on 10 November 2011. Recognising that the detail and implementation of tariff policy was in the domain of Executive, it was agreed that the work of the CPTFG would look at broader ways in which parking income might be safeguarded and developed. Following a point raised by a Member at the November meeting, it was also agreed that the Group would look at the issue of potentially raising additional revenue from the various off street parking areas in Newtown.

2.2 Members of the Task & Finish Group comprised Councillors Cole, Crow, Morris and Ruffle. Councillor Sutton also attended meetings in her capacity as the relevant Portfolio Holder. Officer support was provided by a Member Services Officer and the Assistant Director Public Realm. The CPTFG met on five occasions between October 2011 and February 2012.

2.3 Discussions coalesced around five main areas: the charging regime in Exeter; permits; parking in Newtown; pay-by-phone parking; and the signage and 'branding' of car parks. The Group's conclusions and recommendations in respect of each of these areas are set out in the following paragraphs.

3.0 THE CHARGING REGIME

3.1 Members of the Group examined parking charges in a wide range of other towns and cities, noting in particular the overall level of tariffs, the number of tariff bands, the periods during which charges apply and the policies in respect of charging for blue badge holders. The conclusions members reached as result of this exercise were as follows:

- The overall level of parking charges in Exeter is broadly comparable to that in similar cities, although it was acknowledged that it was difficult to make comparisons on a like-for-like basis. Some of Exeter's car parks were cheaper than similarly located car parks elsewhere, while others were more expensive. It was recognised that the health of the local economy, and the quality of the retail environment and visitor attractions, would have a big influence on the level of parking charges an area was able to sustain.

- The tariff structure in Exeter, and the number of different tariff bands, appear overly complex in comparison to tariff structures elsewhere, especially cities like York.

- Exeter is relatively unusual among significant regional centres in having a charging period which ends at 6pm. A number of cities extend charging until later in the evening and some have 24 hour charging in their premium car parks.

- There is a very wide variation in charging policies for blue badge holders. The majority of towns and cities considered by the CPTFG do not offer free parking to blue badge holders in their multi-storey or barrier controlled (usually pay on foot) car parks. A number continue to offer free blue badge parking in 'surface' car parks, but a number offer no charging concessions to blue badge holders at all.

4.0 PERMITS

4.1 Consideration was given to the City Council's current permit schemes which have been in existence for a long time and now appear quite arbitrary and inconsistent in terms of the car parks in which they are available, the charges that are made for them and the eligibility criteria that apply. The Group felt there was a strong case for a much simpler and more coherent system to be introduced which priced permits competitively and capped the numbers in circulation to a fixed percentage of overall parking spaces.

5.0 OFF-STREET PARKING IN NEWTOWN

5.1 The Group looked into this issue in response to a question raised by a Member at full Scrutiny Committee. The situation, in essence, is that there are a number of off-street parking areas in Newtown that are not part of the Council's core car parking stock and where no City Council charges apply. They are, in effect, additional capacity for Devon County Council's on-street residents' parking scheme in Newtown and are intended for the use of on-street residents' parking permit holders only. The City Council therefore derives no income from this arrangement despite the fact that it owns the relevant sites.

5.2 One of the Ward Councillors for Newtown, Councillor Branston, was invited to a meeting of the CPTFG to discuss this issue and offer his views. While recognising and sympathising with the point regarding the loss of revenue, Councillor Branston was strongly opposed to any changes to the current arrangements in Newtown on the basis that he felt they were a pragmatic solution that worked in the best interests of residents. He added that the other Ward Councillor and appropriate County Councillor shared this view. The Group noted the points made by Councillor Branston.

6.0 PAY-BY-PHONE PARKING

6.1 The Group invited a representative from RingGo, the dominant brand in the mobile phone parking marketplace, to attend its meeting on 6 February 2012 to give a presentation on how pay-by-phone works and the advantages it has. The system is increasingly gaining in popularity and is being rolled out across a large number of local authorities, although it should be noted that RingGo is not the only provider. In essence, it allows a customer to pay for their parking by mobile phone and top up the time they need if necessary, offering much greater customer convenience and the potential, for the Council, to realise efficiency savings through reduced numbers of pay and display machines and lower cash collection costs. There are, however, potential financial drawbacks associated with the system, specifically the percentage charge that is deducted from each and every transaction to cover merchant processing costs. Members of the CPTFG were very attracted to the positive customer service implications of introducing pay-by-phone but had lingering concerns about the potential impact on the Council's revenue.

7.0 THE SIGNAGE AND BRANDING OF CAR PARKS

7.1 These were themes the Group kept returning to. In summary, there were a number of concerns that some of the Council's car parks were not adequately or appropriately signed on the highway, with the result that potential customers may not know they were there; other car parks (especially Civic Centre and Broadwalk House) were not appropriately named or 'branded' to take advantage of their target customers (visitors to Princesshay); and that problems with the highway access to Princesshay were having a potentially detrimental effect on custom for the Council's car parks as a result of motorists being unable to bypass the Princesshay queue.

8.0 CONCLUSIONS FROM THE TASK AND FINISH GROUP

8.1 As a result of its discussions of the issues summarised above, the Task and Finish Group reached the following conclusions:

- Executive should give consideration to a simplified tariff structure with effect from January 2013. The group would be in favour of four tariff bands:

  1. Premium car parks (Guildhall, Mary Arches Street, the refurbished King William Street multi-storey);
  2. Short-stay shopper car parks (all current short-stay car parks except Guildhall, Mary Arches Street, King William Street multi-storey and Fore Street, Heavitree, but including Fairpark, Howell Road and Parr Street);
  3. Long-stay visitor car parks (Cathedral & Quay, Triangle, Belmont Road, Bystock Terrace, Richmond Road and Haven Banks);
  4. Local car parks (Fore Street, Heavitree, Okehampton Street, Holman Way, Tappers Close).

  (The proposed new classifications are attached at Annex A for reference)

  The medium-stay category should be abolished and tariffs equalised, up or down, within each tariff band. Each tariff band should be 'colour coded' on signage, the website and publicity material to make it easier for customers to identify what type of car park they needed and how much they would be expected to pay.

- Executive should review evening parking charges and the overall level of evening parking provision to strike a balance between maintaining a vibrant night time economy and generating potential additional income for the Council or reducing costs (by closing some car parks earlier).

- Executive should give consideration to revising the present permit arrangements for off-street car parks and introducing a simpler, more streamlined system. While the details, and costs, of any new scheme would be a matter for Executive, the Group discussed the possibility of just two permits that could be purchased by anyone: a Gold permit that would allow parking in any City Council car park (except pay-on-foot sites) day or night; and a Silver permit that would allow parking in any long-stay or local car park by day, and any car park by night (again, excepting pay-on-foot sites). In conjunction with this, Executive should consider making a limited number of car parks 'permit only' by night and limiting the overall number of permits sold to no more than 10% of the total number of car parking spaces. The cost of permits would need to strike the difficult balance between providing a worthwhile saving on daily tariffs for the motorist and generating sufficient income for the Council, and Executive should also be asked to consider whether any form of residents' discount should be offered.

- No changes should be made to the parking scheme in Newtown for residents, although the Portfolio Holder for Sustainable Development and Transport may wish to ask officers to raise with the County Council the question of an appropriate payment to the City Council for the continuing use of these sites and the income derived from them through residents' parking permits.

- Officers should be asked to explore more fully the business case for the introduction of pay-by-phone parking and report back to Scrutiny Committee and Executive in due course.

- Discussions should take place with the County Council on changes to the highway layout in Paris Street to mitigate the impact of queuing on the approach to Princesshay, and Executive should consider renaming the Civic Centre and Broadwalk House car parks in order to attract a greater proportion of customers for Princesshay.

9.0 RECOMMENDATION TO SCRUTINY COMMITTEE

9.1 (i) That the Committee note the contents of this report and comment as appropriate.

ROGER COOMBES
ASSISTANT DIRECTOR PUBLIC REALM

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-
None

ANNEX A

TARIFF BAND 1 : PREMIUM CAR PARKS

Guildhall
Mary Arches Street
Refurbished King William Street Multi-Storey

TARIFF BAND 2 : SHORT STAY SHOPPERS' CAR PARKS

Bampfylde Street
Bartholomew Terrace
Broadwalk House
Civic Centre
Fairpark
Harlequins
Howell Road
King William Street (annex)/Leighton Terrace

Magdalen Street
Matthews Hall
Parr Street
Smythen Street
Topsham Quay

TARIFF BAND 3 : LONG STAY VISITORS' CAR PARKS

Belmont Road
Bystock Terrace
Cathedral & Quay
Haven Banks
Richmond Road
Triangle

TARIFF BAND 4 : 'LOCAL' CAR PARKS

Fore Street, Heavitree
Holman Way
Okehampton Street
Tappers Close

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By virtue of paragraph(s) 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 12

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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Agenda Item 13

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