

SCRUTINY COMMITTEE - ECONOMY

Date: Thursday 26 June 2014
Time: 5.30 pm
Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Sharon Sissons, Democratic Services Officer (Committees) on 01392 265115 or email sharon.sissons@exeter.gov.uk

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

Membership -

Councillors D J Henson (Chair), Brock (Deputy Chair), Branston, Brimble, Bull, Crew, Donovan, Foggin, Holland, Lyons, Robson, Wardle and Williams

Agenda

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 6 March 2014.

3 Declarations of Interest

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion of 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

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

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

5 Questions from 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 copy of the procedure are available from Democratic Services (Committees) (01392 265115) also on the Council website.

<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.

7 Portfolio Holders' Statement

Councillor Sutton (Portfolio Holder for City Development) and Councillor Denham (Portfolio Holder for Economy and Culture) to present priorities for 2014/15. (This document will be circulated under separate cover).

Items for Executive

8 Annual Scrutiny Report 2013/14

To consider the report of the Corporate Manager Democratic/Civic Support. (Pages 5 - 30)

9 Future Management of Waterways

To consider the report of the Assistant Director Public Realm. (Pages 31 - 34)

10 Update on Consortium Bid for Major Arts Council Funding for the RAMM

To consider the report of the Assistant Director Economy. (Pages 35 - 44)

11 Economic Development Strategy

To consider the report of the Assistant Director Economy. (Pages 45 - 56)

Items For Discussion

12 **Scrutiny Economy - Final Accounts 2013/14**

To consider the report of the Assistant Director Finance.

(Pages 57
- 70)

13 **Social Enterprise Support through Exeter Business Support**

To consider the report of the Assistant Director Economy.

(Pages 71
- 80)

14 **Update on Evening & Night-Time Economy**

To consider the verbal report of the City Centre Manager.

15 **Tourism Facilities Update**

To consider the report of the Assistant Director Economy.

(Pages 81
- 90)

Item for Information Only

16 **Meeting of the Parkwood Leisure Group**

The minutes of the meeting of the Parkwood Leisure Group of 22 April 2014 are attached.

(Pages 91
- 94)

Nominations are sought from Members of the Scrutiny Committee – Economy for the Parkwood Leisure Working Group.

Part II: Item for Consideration with the Press and Public Excluded

Item For Executive for Information

17 **Exeter and Heart of Devon Board Minutes**

To receive the minutes of the meeting held on 17 April 2014.

(Pages 95
- 100)

Date of Next Meeting

The next **Scrutiny Committee - Resources** will be held on Thursday 11 September 2014 at 5.30 pm

Future Business

The schedule of future business proposed for this Scrutiny Committee and other Committees of the Council can be viewed on the following link to the Council's website:

<http://www.exeter.gov.uk/forwardplan>

Councillors can view a hard copy of the schedule in the Members Room.

Individual reports on this agenda can be produced in large print on request to Democratic Services (Committees) on 01392 265107.

REPORT TO SCRUTINY COMMUNITY, ECONOMY, RESOURCES, AUDIT & GOVERNANCE COMMITTEE, EXECUTIVE

Date of Meeting: Community – 17 June 2014, Executive – 15 July 2014, Audit and Governance Committee - 25 June 2014, Economy - 26 June 2014, Resources - 2 July 2014

Report of: The Scrutiny Programme Officer
Title: Annual Scrutiny Report 2013/2014

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Executive Function

1. What is the report about?

An update on the progress and work of Scrutiny for the period 2013/2014 in direct relation to the appointment of the Scrutiny Programme Officer in July 2013, to include synopsis of Task and Finish Group investigations, review and proposal for Scrutiny system changes and timetabling/plans for 2014/2015.

2. Recommendations:

- (a) That Members of the Committee consider the content of the Annual Scrutiny Report and are invited to comment as to whether they are content with the progress and direction of Scrutiny over the past year together with the proposals on direction for the forthcoming year.
- (b) That the Annual Scrutiny Report is approved for public circulation on the Council's website.

3. Reasons for the recommendation:

- (i) To demonstrate to Members, Officers and the general public how the scrutiny process is working at Exeter City Council in order to provide accountability and transparency and further confidence in the democratic process.
- (ii) To enhance the profile of scrutiny at Exeter City Council.

4. What are the resource implications including non financial resources.

None.

5. Section 151 Officer comments:

Not applicable.

6. What are the legal aspects?

Not applicable.
7. **Monitoring Officer's comments:**

Not applicable.

8. **Report details:**

See attached document.

9. **How does the decision contribute to the Council's Corporate Plan?**

- Ensuring a well run Council.
- To invoke public confidence that the Council is addressing economic, social and environmental challenges through effective scrutiny to improve the quality of life for Exeter residents (where possible) whilst working with partners to achieve this aim.
- To demonstrate that all Councillors and members of staff are committed to delivering high quality services and working for the benefit of the City.

10. **What risks are there and how can they be reduced?**

Not applicable.

11. **What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

None.

12. **Are there any other options?**

Not applicable.

Anne-Marie Hawley, Scrutiny Programme Officer

John Street, Corporate Manager, Democratic Services and Civic Support

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

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265275

ANNUAL SCRUTINY REPORT 2013/2014

Foreword

The past year has seen many positive changes in the way in which Scrutiny operates at Exeter City Council with the appointment of a dedicated Scrutiny Programme Officer in July 2013. The post was created following recommendation by a cross party Task and Finish Group who identified a strong need for dedicated scrutiny support. The new officer role would primarily assist Councillors with their Scrutiny work, whilst facilitating the role of the Scrutiny Committees by providing specific support to Task and Finish Groups, undertaking research and analysis of information, writing reports and presenting findings to the appropriate Committee (if required) and to review the overall effectiveness of the current Scrutiny function at Exeter City Council. In addition to this, the Localism Act 2011 (Section 9FB) now provided Districts with the legislative authority to designate a “statutory scrutiny officer”.

The Role of Scrutiny

The Scrutiny Committees at Exeter City Council consist of Councillors who do not sit on the Executive Committee. The purpose of the Scrutiny Committees is not only described in the Terms of Reference for those Committees (contained in full within the Council’s Constitution) but must also encompass the following principles to ensure the continued delivery of good and effective scrutiny at Exeter City Council:-

1. To provide a “critical friend” approach to Executive policy and decisions – a constructive, robust and purposeful, non-adversarial challenge, holding the Executive and Council officers accountable for policy and service decisions.
2. To provide a platform for the voice and concerns of the public to be heard.
3. To review issues in an a-political manner.
4. To drive improvement of the Council overall by promoting community well-being and working towards improving the quality of life of Exeter residents.
5. To provide strategic review of corporate policies, plans, performance and budgets.
6. To assist in the joining up of public and other services.
7. To review the effectiveness of budget and service prioritisation.
8. To make an impact on service delivery.
9. To set the Council’s Annual Scrutiny Work Programme.

A Synopsis of the Terms of Reference for the Scrutiny Committees at Exeter City Council

Scrutiny Committee – Economy

The Economy Committee evaluates and monitors the performance of all tourism, economic development, transportation, parking, estates, planning (except purely development control matters), markets and events, leisure and museums and technical (including flooding) services. It also considers draft budget proposals which fall within its remit and reviews strategies and policies emanating from the work and functions of those services which it holds accountable (in accordance with the work plan agreed in consultation with the Council and Executive). Scrutiny Economy also assists in the process for adoption and approval of

the Exeter Local Development Framework and for the preparation of other elements of the Development Plan by the Regional Assembly, Devon County Council and other local authorities.

Scrutiny Committee – Community

The Community Committee works with other agencies on issues such as social inclusion and community safety. It undertakes reviews of appropriate strategies and policies emanating from the work and functions of the community and environment services. It evaluates and monitors the performance of all housing, contracts, community engagement, environmental health (including cleansing), river and canal, parks and open spaces, CCTV/Home Call services and reviews the budget and financial performance within these areas. This Committee also scrutinises the work of the Exeter Community Safety Partnership and monitors the effectiveness of the Council's partnerships with other agencies. Health issues are also scrutinised by this Committee particularly in line with the requirement for an annual review of the Health and Well Being Board.

Scrutiny Committee – Resources

The Resources Committee evaluates and monitors the performance of Human Resources, IT, Business Transformation, Finance and all central and corporate services. It advises Executive on staffing issues including industrial relations, health and safety, equalities and diversity, and draft budget proposals which fall within its remit. It reviews progress made within the Corporate Plan.

Scrutiny Committee – Audit and Governance

The Audit and Governance Committee monitor performance against the internal audit plan, reviews any revisions to the plan and considers any issues arising from the half yearly audit reports. It comments on the scope and depth of external audit work to ensure value for money and commissions work from internal and external audit. In addition to this, the Committee monitor the Council's regulatory framework including the effective development and operation of risk management and corporate governance; the Council's compliance with its own and other published standards and controls; advises the Council on the adoption of Codes of Conduct as well as the hearing and determining of allegations of misconduct. It also approves the Council's Statement of Accounts. The Audit and Governance Committee could be perceived as providing the Council with an "inward looking" scrutiny function.

What has Scrutiny Achieved for the Year 2013/2014?

Besides the continuation of the work scheduled on the existing Scrutiny Work Programme the following was achieved:-

- Appointment of a dedicated Scrutiny Programme Officer – July 2013.
- Instigation of the Scrutiny Annual Work Programme Meeting involving Chairs and Deputy Chairs of the respective Scrutiny Committees, Party Leaders and Portfolio Holders.

- The Ancillary Work Programme Meeting involving Chairs and Deputy Chairs of each Scrutiny Committee to discuss any outstanding issues following the Annual Scrutiny Work Programme Meeting and to ensure matters are initially progressing in the right direction.
- Regular Scrutiny Review Group meetings with Chairs and Deputy Chairs of Scrutiny Committees to ensure a “rolling review” of the Work Programme, Task and Finish Groups and suggested improvements to the existing Scrutiny system.
- Scrutiny Training for all scrutiny committee members (highlighted as a priority).
- Revision of Members’ handbook in relation to Scrutiny.
- Scrutiny induction training for Members incorporated into the Members’ induction training programme as from 2014.
- Financial Reporting Task and Finish Group (Resources).
- Finance training for Members (highlighted as a specific requirement).
- Cost of Living Forum (to include Housing and Wages sub groups) (Economy).
- Procurement Task & Finish Group (Audit and Governance).
- Housing Allocation (Devon Home Choice) Task and Finish Group (Community)
- Involvement with the South West Scrutiny Network (with future provision to host regional meetings at Exeter City Council) and building links with other Local Authority Scrutiny Departments ranging from local level to across the country. This presents an ongoing opportunity to compare and exchange ideas on the effective running of scrutiny which can only benefit Exeter City Council.
- Provision of an Annual Report on Scrutiny so that Members, officers and the general public are kept informed of the effective progress and the continued evolution of scrutiny at Exeter City Council.
- Structured timetabling for Scrutiny 2014/2015:-
 - 25/04/14 : Officer pre-election work programme meeting.
 - (03/06/14 : Full Council Meeting).
 - 12/06/14 : Scrutiny induction training for Members.
 - (17/26th June and 2nd July – Scrutiny cycle).
 - 14/07/14 : Scrutiny Annual Work Programme Meeting 2014.
 - 29/07/14 : Full Council : Task & Finish Group Member nominations to be secured by this date.
 - 01/08/14 : Commence with new Task and Finish Group workload with an aim to complete at least 8 Groups within the 2014/2015 municipal year.




Scrutiny 2013/2014 has been very much about “setting the scene”, reviewing current systems, identifying Members’ priorities and improving what the Council already has in place; providing dedicated officer support for Members as well as coordinating Task and Finish Groups on particular subjects specifically brought to the forefront of the existing workload by Members.

A more in depth review of the work of Scrutiny during July 2013 to April 2014 (outside the scheduled Work Programme) is detailed below, which demonstrates the benefits of specific and targeted investigation and the importance of re-thinking (and continually monitoring) the scrutiny system and function at Exeter City Council, as a whole, to ensure a high standard of scrutiny is achieved and maintained.

Scrutiny Systems Review 2013/2014

The appointment of the Scrutiny Programme Officer presented an opportunity to review the effectiveness of the current Scrutiny system already in place at Exeter City Council and to consider whether or not the existing system could be enhanced and improved. A series of meetings were held with Chairs and Deputy Chairs of the Scrutiny Committees to develop possible improvements to the Scrutiny function which were put forward to Scrutiny Economy, Resources and Community during the January 2014 cycle of meetings.

These suggestions encompassed the following proposals:-

- That a new format of Agendas should be trialled for the next cycle of Scrutiny Committee Meetings. The new style would include three main sections:-
 -  Items for discussion.
 -  Items for Executive (recommendations).
 -  Items for information only (accompanied by a link on the Agenda).
- That unless requested by Scrutiny Chairs, the Chief Executive or the Deputy Chief Executive, Council Officers would not present their reports at Committee ensuring better time management of meetings.
- If Members had questions regarding Officer Reports, they could notify the relevant Officer and Committee Services Officer of these questions in good time prior to the Committee meeting. Members would then have the opportunity to put these questions directly to the Officer at the Committee meeting.
- The Scrutiny Chairs would take a more pro-active role in the Committee Meeting “pre-meet” specifically to decide what should be included within the Agenda and what should be excluded.
- Portfolio Holders’ Reports could be separated out from the Scrutiny Committee Work Programme/Agendas and extra time given prior to the Full Council Meetings for Members to address the Reports and ask questions of the Portfolio Holders. This would seem to present an ideal opportunity as all 6 Portfolio Holders would already be available to attend the Full Council meeting together with all other Members. This would free capacity on the Scrutiny Work Programme and free further time at Scrutiny Committee Meetings for other issues to be debated.
- That this concept could be trialled at the next Full Council meeting for Members’ approval.
- That the Scrutiny Chairs, Deputy Chief Executive, Corporate Manager of Democratic and Civic Support and the Scrutiny Programme Officer review how effective these new changes are, once trialled, and consider Members’ comments and any further changes or improvements which would enhance and improve the Scrutiny process and system at Exeter City Council; and continue to monitor the contents of the Scrutiny Work Schedule.
- That a list of scheduled Members’ Briefings be circulated to all Members as soon as possible detailing Presentation topics and dates.

Members of Scrutiny Economy, Resources and Community considered that as previous proposed changes to Scrutiny had been considered and recommended through a cross party working group, a similar group should be re-established to consider these latest proposals. This was accepted by the Executive and Full Council. It was also considered that the presentation of the Portfolio Holder reports prior to meetings of Full Council would mean an additional time commitment, particularly for working Councillors which could present a

problem. Whilst Members acknowledged these concerns, they also welcomed the opportunity to meet with all of the Portfolio Holders in a more informal setting and to look at further ways to develop the scrutiny process.

The cross party Task and Finish Group is due to be founded and initiated following the Local Elections in May 2014. The Group will then meet to address the recommendations put forward.

The Annual Work Programme Meeting : 25th July 2013

This newly devised meeting presented an opportunity for Members to review, prioritise and adapt the existing Scrutiny Work Programme Schedule and to identify those areas and subjects which they felt were of particular concern and to highlight topics which they felt were of sufficient importance to merit Task and Finish Group investigation. All Members were given the opportunity to comment and provide their suggestions prior to the meeting and these ideas and requests were put forward by the Chairs and Deputy Chairs of the Scrutiny Committees, Party Leaders and Portfolio Holders (at the meeting) for consideration and prioritisation.

Task and Finish Groups

Through the Annual Scrutiny Work Programme Meeting, Councillors identified and prioritised various issues for Task and Finish Group investigation which were not already included on the Scrutiny Work Programme. The Scrutiny Programme Officer arranged, initiated and coordinated these Groups.

Financial Reporting (Scrutiny Resources)

Councillors identified a need for clarity within the current financial reporting format which would enable them to have a better understanding of the reports presented to them and would allow them to more easily identify the key issues upon which they needed to take important decisions.

Membership:-

Cllr Baldwin (Chair)
Cllr Ruffle
Cllr Pearson
Cllr Owen
Cllr Donovan
Mark Parkinson, Deputy Chief Executive
Dave Hodgson, Assistant Director of Finance

Remit:-

1. To review the current regime of reporting financial matters.
2. To review the current presentation of financial reports – can they be presented in a more meaningful and user friendly way?
3. Is there any flexibility to alter the presentation of financial information presented?
4. Can reports be simplified whilst still adhering to current statutory requirements and current Council policy?
5. To provide examples of alternative presentation of financial reporting.
6. To clarify figures relating to budget and spend so that it would be easier for Members to identify issues from financial reports which may need attention (for example,

review of management in a particular area or an increase in need which may lead to a budget review).

7. To enhance and simplify financial reports.

This piece of work linked with Council aims and priorities of ensuring a “well run” Council whilst enhancing accountability and transparency.

The Group identified four main areas of specific interest:-

- Budget
- Spend
- Variance
- Income – is income being generated?

The Assistant Director of Finance produced a list of financial reports and confirmed that there would be more flexibility to alter the monitoring financial reports rather than the Statutory reports. Various reports were reviewed by the Group, which included:-

Treasury Management Strategy, Treasury Management Half Year Update Report, Treasury Management Outturn Report, Prudential Code Indicators, Council Tax Base and NNDR1 Report, Annual Governance Statement, Statement of Accounts, Budget Monitoring Reports – general overview, Budget Monitoring Report (30th June 2013), Scrutiny Committee (Resources) Outturn Report April 2012 to March 2013, Overview of General Fund Report, Outstanding Sundry Debts, Creditor Payments Performance, Overview Report, Revisions to Capital Programme, Capital Monitoring to September 2012

Councillors generally placed great emphasis on accuracy, relevance, clarity and simplicity together with a need for Members’ finance training with the overall priority being that all Members should be able to easily identify the information of high concern and should not feel alienated by the way in which the information was presented.

The views of all Councillors were sought and the Task and Finish Group considered that the following points were of particular importance:-

- Significant over and under-spends need to be highlighted.
- There should be comparisons with similar reporting periods in the previous financial year which would help Councillors see how the current situation equates with final out-turn.
- There should be a more obvious tracking of borrowing.
- That Members’ grasp and understanding of the financial reports should be paramount.
- That there should be less use of jargon which can lead to confusion.

Subsequently, the format of the monitoring financial reports was altered to highlight the key variances in the budget monitoring reports and the areas of budgetary risk. The reports were also refined (where possible) and a “key issues” section (particularly within the Statutory reports) was included for the benefit of Members, which highlighted those areas requiring key decisions. The changes to the financial reports were trialled during the September 2013 cycle of Scrutiny Committee meetings so that all Members would have the opportunity to comment upon the new style of financial reporting. Feedback was obtained from Members who commented that the changes implemented to financial reporting so far were very helpful and made the documents much clearer to understand.

In addition to this the Executive Committee commented that:-

- The new style of financial reporting was much easier to understand.
- It would be helpful to have an analysis available over a preceding 5 year period so that any trends could be identified. It was felt that this would be useful information to have for informal budget meetings.
- It would be helpful if visual (colour) charts could be used to relay trend information so that Members could easily identify differences and fluctuations.

It was also suggested that a glossary of financial terms (limited to one page) should be attached to every financial report which would provide further clarity.

Subsequently, the Treasury Management update report (due for submission to Scrutiny Resources in November 2013 and then to Executive in December 2013) was altered so that borrowing and investment figures were reported in a clearer way to ensure that the borrowing figures in particular, were highlighted. Two specific aspects which were seen as requiring particular clarity were:-

- (a) The physical cash borrowed.
- (b) Accounting classification of the borrowing, for example, fixed assets –v- finance.

Further comments were obtained from Members in relation to the new financial reporting format following the January 2014 cycle of Committee meetings and the subsequent Full Council meeting. Members' comments were positive and all agreed that the change in the format of financial reporting was of great benefit and provided much needed clarity.

In addition to the changes already implemented, the following suggestions received from the Assistant Director of Finance were also considered by the Group in order to achieve further improvement:-

- That the half yearly Treasury Management Report should be simplified and adopt a more tabular form, also trialling the inclusion of trend data.
- A front sheet summary should be attached to the Budget Book in respect of each area and movement in budget which would also set out the changes so that Members could focus on what really has changed and the trend data.
- Fees and charges information should remain the same and the format of reporting/information should remain unaltered.
- A key issues page should be introduced in the form of a covering report, in relation to the Statutory Reports (which cannot be altered in content). This would highlight areas of importance and whereabouts in the main document Members could find the necessary information.
- A clearer explanation would be provided to the Audit and Governance Scrutiny Committee in 2014 in respect of the Statement of Accounts. The main area of importance highlighted to Members was identified as the Auditors' report. If Members were not happy with a particular aspect then they would have the opportunity to say so.

It was agreed that because of the nature of some reports (eg, the annual reports) the changes to the format and style of financial reporting would be a work in progress. The key reports for Members to focus upon should relate to budget monitoring.

As a direct result of this Task and Finish Group, financial reporting at Exeter City Council has undergone a successful review and reports have been adapted to clarify information so that Members can easily identify the key issues upon which they need to concentrate so that they can make well informed key decisions. As a result of this Task and Finish Group it was also highlighted that all Members would benefit from finance training and subsequently training was arranged by the Scrutiny Programme Officer who also ensured that Finance training for Members was incorporated into the Annual Induction Training Programme available to all Councillors as from 2014.

Cost of Living Forum (Scrutiny Economy)
(incorporating Wages and Housing Sub Groups)

The Cost of Living, in specific relation to Exeter, was flagged as a high priority subject for further investigation and of particular cross party interest. The overriding objective was to work with a wide range of partners to establish exactly how the Council might assist Exeter residents, with specific attention to the subject of wages (and implementation of the living wage), housing and affordability. Reliable statistical information and research findings were identified as being of paramount importance to the Forum and its ability to consider strategies and solutions in order to provide recommendations to its parent committee (Scrutiny Economy). With the approval of Executive in March 2014, Marchmont Observatory (Exeter University) in partnership with the Forum, are now conducting a local research programme to provide accurate (statistical) information as part of the next stage of investigation. The Forum's work is ongoing and will stretch across the parameters of the local elections in May 2014 with a focus on concluding what practical, innovative steps can be taken by the Council to tackle the difficulties faced by Exeter residents in relation to the cost of living.

Membership:-

- Cllr R.Denham (Chair for Forum and Wages Sub Group)
- Cllr P. Bialyk
- Cllr L. Robson
- Cllr R. Crew (Chair of Wages Sub Group)
- Cllr T. Wardle
- Cllr Mrs Henson
- Cllr A.Leadbetter
- Cllr S. Brock
- Ms Sue Parr (Job Centre Plus)
- Mr Peter Lacey (Lay Lead at University of Exeter on Infrastructure and the Capital Programme, External Affairs and Corporate Social Responsibility and Environmental Sustainability).
- Mr Steve Barriball representing Citizens Advice Bureau.
- Post Graduate Student (University of Exeter/Science Dept.)
- Mr Mark McSheehy representing South West TUC.
- Mr Simon Bowkett representing Exeter CVS.
- Mr Richard Ball (Assistant Director – Economy)
- Ms Nicola Forsdyke (Housing Options Manager)
- Ms Laura Fricker (Housing Benefits Manager)
- Ms Jayne Hanson (Mobile Benefits Training Officer)
- Ms Dawn Rivers (Community Involvement and Inclusion Officer – Policy)
- Ms Melinda Pogue-Jackson (Policy Officer)

Remit:-

- To gather evidence to establish a baseline on wages and cost of living in the City of Exeter.
- To gather and analyse evidence on the impact that low wages and high relative cost of living has on residents in the City of Exeter (taking a broad perspective on impacts and to include Health and Wellbeing).
- To gather and analyse evidence on particular problems (for example, the impact of students on private sector rents).
- To explore (in partnership with a broad range of stakeholders) strategies and solutions to problems identified following the gathering of evidence for this Forum.

Since its inception, the Forum established that it was crucial to identify the potential benefits of the work it could do together with a clear indication of the positive outcomes that could be achieved. The goal of the Forum was to conduct research and investigations so that this piece of work could be used to:-

- Better inform (through the gathering of evidence and multi agency/organisation participation) the City Council and other agencies involved of the difficulties faced and possible solutions relating to the Cost of Living in direct relation to regional wages in contemplation of existing Policies and any proposed Policy changes.
- Improve and enhance the collaborative effort on a cross agency and organisational basis, against continual reduced funding for the public sector.
- Provide innovative ways in which to tackle the difficulties faced by Exeter residents in direct relation to the Cost of Living and reduced public sector funding.
- Build relationships with cross agency partners, organisations and stakeholders, to provide an opportunity to discuss the issues and provide practical coping strategies and solutions (for example, to discuss with local businesses the Living Wage and associated issues with a view to encouraging local businesses to adopt the Living Wage)

With that said, the Forum was still conscious that just because this topic was of substantial cross party interest and currently generated specific public and media interest, it remained important to justify undertaking this work in line with the Council's existing aims and priorities. This point was addressed at the first meeting of the Forum on the 24th October 2013 where it was agreed that this project did comply with those aims and objectives, particularly:-

- ❖ To enhance Exeter as the regional capital and to work in partnership to improve the quality of life for all people living, working and visiting the City. (Vision 20:20/Community Plan).
- ❖ "Help me get back to financial independence" (Corporate Plan 2012 – 2014).
- ❖ "Help me find somewhere suitable to live" (Corporate Plan 2012 – 2014) – *Affordable Housing/set fair and affordable Council Rents/improve access to affordable private sector tenancies/provide financial assistance to those most in need to make private sector homes fit for habitation, safe and decent.*
- ❖ The Core Strategy - 3.4 (The Sustainable Community Strategy) which states that:- 'Sustainable communities are places where people choose to live and work. They are safe places, offering opportunities for everyone, where the environment is respected and with the housing, amenities, schools, hospitals, and transport links that people need to live well. To become a sustainable city, Exeter must balance the economic, social and environmental aspects of the Community'.

The Economy Projects Officer provided the Forum with a brief presentation of statistical data currently available relating to wages and housing trends. However, the Group soon established that the data was unreliable with issues as to accuracy and did not embrace the specific locality of Exeter. Therefore it was of very limited use, but was the only data available at the present time.

The Forum Members identified a wide range of areas which they proposed should be investigated such as:-

- ✚ How do people feel?
- ✚ Equalities.
- ✚ Underemployment/zero hours and the links to part time work.
- ✚ Wages/low pay.
- ✚ People moving out of affordable housing.
- ✚ Sectors and types of employment (jobs by skill/sector).
- ✚ Affordability of housing by sector – growth of private rented sector/housing association (welfare reform action group).
- ✚ Energy/utilities.
- ✚ Transport.
- ✚ Debt – helping people with financial problems.
- ✚ Management of money.
- ✚ Static wages – Chamber of Commerce data
- ✚ Is our skills agenda keeping up or are people outside the City coming in?
- ✚ Econometrics study.
- ✚ Customer service centre data.
- ✚ “Who lives where?” relative to job type and the impact on communities.
- ✚ Impacts such as mental health issues.
- ✚ Access to affordable credit.
- ✚ People moving out of the City for affordable housing.

Members of the Forum suggested that the next meeting should provide an opportunity to explore the definition of poverty and deprivation in Exeter, what this means and to what extent Exeter is affected. It was also agreed that a representative from the research department at Exeter University should be invited to participate together with a representative from the Chamber of Commerce.

The second meeting of the Forum took place in November 2013. Since the first meeting information had been sourced from The Joseph Rowntree Foundation concerning the definition of poverty and the importance of distinguishing between “relative” versus “absolute” poverty was highlighted. Available research on the Living Wage had also been provided by South West TUC; representatives had been invited from Devon County Council and Exeter University together with an Exeter City Council employee currently in receipt of a low wage and a representative from the Federation of Small Businesses.

The Forum was particularly interested to hear from the Council’s employee to understand what life was like for him and what difficulties he faced as a direct result of receiving a low wage coupled with the cost of living. They could also explore what it would mean to this individual if he were in receipt of the Living Wage and what impact this would have for him and his family. This employee felt that the Living Wage should be pushed forward and implemented as it would benefit everyone on a low wage. He commented that the cost of

living is always rising but his wage, in comparison, has not. His input to the Forum, which demonstrated the practical difficulties of his situation, proved extremely helpful and provided Members of the Forum with first hand information and the opportunity to ask many questions.

It was becoming increasingly apparent that the Forum should concentrate on where the Council as a whole (and its partners) could make a difference to Exeter residents and this would involve prioritising the main areas to be investigated whilst also considering impact and baseline.

The priority areas were identified as **Housing** and **Wages**.

It was agreed that two working “sub groups” would be created from the existing Forum Members to discuss and identify research areas whereupon they would feed back their findings to the main Forum.

The specific (but not exclusive) remit of each sub group was defined as:-

Housing

- ✚ Cost of private sector rental and issues surrounding that.
- ✚ Mortgages and issues around other housing options such as affordable housing.
- ✚ Fees and charges.

Wages

- ✚ Are jobs not paid enough and need to be paid better? (Low wages).
- ✚ Availability of higher skilled jobs? (Higher skilled jobs usually equate to higher paid jobs).
- ✚ Underemployment – zero hours contract.
- ✚ Pressure on employers – the impacts and pressures affecting decision making.
- ✚ The impact that the living wage could have in Exeter.

The Forum concluded that that there was a specific need to encompass an “Evidence Based Review” and to consider Business Rates and costs which formed part of the equation.

The Housing Sub Group

The Housing Sub Group met in December 2013 and identified the following issues for research and consideration:-

- The cost of private sector rental.
- Whether students are influencing private sector rental and whether they are better able to afford the cost?
- Condition of rental properties.
- Should Exeter University build further student accommodation this would have an effect on the private rental sector within Exeter.
- What is the standard of living for the individual who lives in Exeter?

- What makes people decide to live in or out of Exeter when they work in Exeter? It was considered that there could be reasons such as family base or schools for children

The Group considered that it would be important to view the whole picture rather than concentrate on isolated areas only but that accurate and local research was required on which the Forum could confidently recommend a way forward.

It was ascertained that two questions should be considered by the main Forum:-

- (a) How far should we go with the research on Housing?
- (b) How much should the Council consider spending on obtaining that research?

Exeter University representatives agreed to provide research recommendations and a costing which the main Forum could consider. They would also formulate research questions based on the Forum's aims and objectives and the information from meetings so far, so that the Forum Members could identify the important questions and ascertain where the Council and respective organisations could make a difference.

The Group highlighted that the Housing Report (which was due to be placed before the Executive Committee in February 2014) dealt with research as to housing need in Exeter, taking into account investing in new housing and the way forward over the next 10 years in this respect. This was viewed as presenting an ideal opportunity for the Cost of Living Forum to feed into this piece of work.

Reference was made to the Welfare Reform Action Group Report which Devon County Council had produced (and which had been circulated to Forum members).

In summary, the Group agreed that an assessment was required as to:-

- *What the housing need and demand is in Exeter and how they differ.*
- *How do we measure that and how do we use this measurement?*
- *Are we meeting need?*
- *How is housing functioning in Exeter and how can we improve it?*

Wages Sub Group

The Wages Sub Group met in January 2014 and was initially provided with an overview on business rates and reliefs by the Senior Rates Officer. This was of particular benefit given that business rates have the potential to greatly influence the relationship between business and wages and more particularly whether employers are in a position to pay higher wages to their staff.

The Group highlighted that employee costs and fixed premises costs are the main expense for businesses and considered whether it would be possible to use the Living Wage to balance out business rates.

It became apparent that there was a real need to investigate what was happening at the lower end of the wages bracket (ie, the lowest 10% as their earnings have not risen since 2004 based on the statistical information available). Zero hours contracts were also discussed in the context of people being unable to obtain mortgages or satisfy private sector

rental prices and there was a concern that this current situation would not promote economic growth.

The Group agreed that they needed to concentrate their efforts on reviewing the situation for people with no options who were in receipt of the minimum wage. Another area which the Group felt could be influenced was encouraging an environment where more money is generated within the Exeter economy which would be good for businesses and therefore the people of Exeter.

It was recognised that Islington, York and Brighton Councils respectively had carried out a lot of work in persuading their local businesses to implement the Living Wage and it would be helpful for the Forum to hear from representatives of these Councils so that they could explain how they have achieved that.

It was agreed that the provision of the Living Wage really depended upon what employers could currently afford and it was recognised that the current margins for small businesses are very tight. However, when the economy starts to recover, and businesses start to do better, how could Exeter City Council encourage this benefit to be passed through to wages?

Following discussion of these points the Group was able to decide that further information was required in the following areas:-

- ✚ Wages data was essential but needed to be presented in a more “broken down way”.
- ✚ People in both the business community and working individuals should be asked whether zero hours contracts work for them.
- ✚ A need to establish what the real impact is in respect of low pay.
- ✚ Find out what the cost of low pay is to the City, economy and local services.
- ✚ Find out what the counter benefits are of higher pay.
- ✚ Establish what the pro’s and con’s are of the Living Wage, bearing in mind that one aspect to consider is that some companies will say that they can’t afford to pay the Living Wage.
- ✚ What areas can Exeter City Council influence in respect of pay?
- ✚ Employers need to be provided with evidence as to why it would be of benefit to introduce the Living Wage.
- ✚ A need to look at household income in tandem with the Living Wage.
- ✚ Obtain specific data regarding the wages of people who live in the City of Exeter.
- ✚ Survey a section of Exeter residents to find out if they work in Exeter and how many are paid below the Living Wage.
- ✚ Find out what the negative impacts of low pay are on businesses, individual and the public sector.
- ✚ Survey businesses to find out the cost of doing business and their thoughts around wages – particularly paying higher wages.
- ✚ Identify a Council that has already addressed these issues - could they visit the Forum to talk about their experiences and what they have done to resolve the issues?
- ✚ Produce an annual survey on earnings.

At the third meeting of the Forum, Members were able to hear from a representative of the Exeter branch of a national company regarding the Living Wage (which had recently been implemented by the company in its London outlets). The representative explained that the reason why they implemented the Living Wage (in London) was because they discovered that a lot of their staff were working three jobs at once – most people employed by them worked on part time contracts and implementation of the Living Wage was seen as allowing their employees to focus on one job and so that they could afford to eat properly. Feedback from staff in receipt of the Living Wage currently indicates that they are now able to concentrate on the one job and they can afford to look after themselves better. The company have also seen a reduction in the figures relating to sickness absence for employees and staff turnover. However, they hadn't rolled out payment of the Living Wage on a national level because it would prove too expensive. The main reason related to premises costs which currently ran at 26%. Taking this into consideration together with the expense of paying the Living Wage, the concept would fall "out of balance". The company would then be in a position where, if they paid the Living Wage nationally, they would be paying their staff more but wouldn't be able to afford the cost of the premises so shops would have to shut.

The Sub Groups also had the opportunity to report back to the Forum. A recurring theme indicated was a lack of accurate statistical data and further research was required and an issue which both Groups had identified. It had become clear that there were substantial gaps in the information and data currently available to the Forum and it would be unwise to base recommendations upon inaccurate information. In relation to what the Forum could hope to achieve within a reasonable timescale it was evident that a reliable baseline of statistics and information would be required (on a local level) so that trends could be monitored over a period of time. It was agreed that the Forum was ultimately looking for strategies and solutions in line with the key objectives they had set and if targeted, accurate evidence was available, this would allow Members to collectively establish a way forward. It was recognised that the success of Council policy and decision making is reliant upon sound and accurate information so that a balanced and informed view can be reached enabling sound policies to be invoked and good decisions to be reached.

More detailed, accurate and local research information could be achieved with assistance from Exeter University (Marchmont Observatory) and the Forum duly considered the University's research proposal.

The Forum established that the main question to ask was:-

"How much research do we need and what do we want to achieve?"

The main requirements were:-

- ❖ ***To obtain a clear set of indicators that we are confident in - a "Cost of Living dashboard" which can be used to inform policy making and decisions outside of the Forum.***
- ❖ ***To obtain a baseline of information on indicators.***
- ❖ ***To formulate a methodology which may be repeatedly used to collect information so that future trends can be measured.***

The Forum agreed to submit an interim report to Scrutiny Economy Committee requesting a recommendation to Executive for funding for the University research proposal. This research was seen as imperative to the continuation of this piece of work and further progression and ultimately recommendations could not be made without it.

The interim report was placed before Scrutiny Economy Committee on the 6th March 2014 and it highlighted that the results of the research could positively influence Council policy decisions in respect of Housing and Economy by:-

- Encouraging other employers to adopt the Living Wage.
- Driving up economic spend within the City if businesses are persuaded to adopt the Living Wage.
- Persuading employers to pay the Living Wage which could potentially decrease the burden on the State and the tax payer.
- To ascertain if improvements would be possible in respect of the Council's Housing Policy to increase affordability of housing thereby assisting Exeter residents.
- Providing good, reliable statistical information which would provide a sound basis for Council decisions in relation to investment.
- The results of the proposed research could be available to feed into and influence the 2014/2015 Scrutiny Work Programme.

The report recommendation was approved by Scrutiny Economy and on the 18th March 2014 the report was submitted to the Executive Committee which broadly welcomed this initiative. It was therefore resolved that the Executive would approve the research proposal and funding.

The Cost of Living Forum – where next?

The Cost of Living Forum represents an ongoing piece of work with Exeter University beginning their research in June 2014. Once the research has been completed the Cost of Living Forum will meet again to consider the results of the research and what potential impact it has in so far as implications are concerned together with establishing how the Council and its partners can make a direct difference to Exeter residents in respect of housing, wages, living costs and affordability.

Housing Allocation Scheme Task and Finish Group (Scrutiny Community)

The housing allocation system was identified as a priority area for review by Scrutiny Community. It was felt that the current system should be reviewed with consideration given to whether a streamlined and direct system for housing would be preferable to the current system. Exeter City Council could consider what schemes and systems other Local Authorities operated and compare these in order to see what worked well, what didn't and whether Exeter's existing scheme needed changing. Issues identified as causing problems with the current system included multiple bids and how Exeter allocates points. One of the main aims of the review was to ensure that a firm, but fair and robust system was in place which would naturally counteract these issues whilst ensuring that the public held a realistic expectation as to what Exeter City Council could offer.

Membership:-

Cllr Shiel (Chair)
Cllr Mitchell
Cllr Morris
Cllr Hannaford
Cllr Crow
Ms Bindu Arjoon (Assistant Director, Customer Access)
Mr Rupert Warren (Devon Home Choice Coordinator)
Mr Lawrence Blake (Housing Needs Manager)
Ms Sarah Richards (Housing Options Manager)

Remit:-

- Review how the Council allocates social housing stock available.
- What do we want any applicable Policy to achieve for us?
- What is the best model to deliver this objective? Does our current model deliver sufficiently or does the Council need to consider implementing a different model (with consideration given to available resources).

Review of this area would link in with the Councils aims and objectives by:-

- ❖ Meeting Housing Needs (Corporate Plan 2012 – 2014/Message from Leader).
- ❖ “Help me find somewhere suitable to live” (Corporate Plan 2012 – 2014/Our purposes).
- ❖ Ensuring that no-one spends a second night sleeping on the streets. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Preparing and consulting on the Affordable Housing Supplementary Planning Document to guide provision of affordable housing and the introduction of an increased requirement of 35%. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Setting fair and affordable council rents and using increased flexibility to decide how housing is allocated in Exeter. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Bringing privately owned empty homes back into use. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Encouraging the Private Sector Leasing and Extralet schemes to improve access to affordable private sector tenancies and drive up standards in private rental properties. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Improving the Council’s existing housing stock to high energy efficiency and sustainability standards. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ “Providing suitable housing” and “Being a good landlord” in line with Portfolio Holder’s priorities.
- ❖ Ensuring that “The supply of housing should meet the needs of all members of the Community” (Core Strategy: Submission Core Strategy Policy CP5: Meeting Housing Needs : page 35).

The Group first met in December 2013 and it was soon established that it would be helpful to hear from a representative of a similar Authority to talk about their housing allocation scheme and how it worked. Firstly, the Group needed to review how the current housing allocation system worked in Exeter and the Devon Home Choice Coordinator was asked to provide a presentation which would encompass the history of the Devon Home Choice Scheme for the Group.

One aspect to consider was that as part of the Devon Home Choice Scheme, Exeter City Council enjoys a good working relationship with other landlords in Exeter (such as Housing

Associations for instance) and if the Council decided to depart from the Devon Home Choice Scheme that working relationship could be affected and this should be taken into account within the overall context of other issues.

The Group also identified a need for absolute statistics on why people are bidding and why they are turning down properties.

An overview of the Scheme was provided during the second meeting of the Group where it was explained that Devon Home Choice was a choice based scheme where properties were advertised. The Scheme is overseen by a management board consisting of representatives from all 10 Devon Authorities and 6 of the bigger Housing Authorities and if any changes to policy or approach are suggested the Members of the Board are required to take the proposals back to their individual Local Authority/Housing Association for approval.

The Scheme is meant to allow people the freedom to move around Devon but in actual fact it would appear that most people don't want to do that and would prefer to stay within their locality. Applicants can re-apply as many times as they like and bid for up to three properties a week on line. The Scheme is accessible to all which was construed as a potential flaw in itself because anyone could apply and therefore there are thousands currently on the waiting list. Applicants are placed in "Bands" and although Band E reflects those with no housing need, there had previously been a legal requirement to keep this band. However, since the Localism Act was introduced, this legal requirement became obsolete and therefore the Group considered that this was an aspect that could be changed to save Council resources in dealing with people, when in fact they had no discernible housing need nor chance of successfully bidding for a property.

The Group was interested to hear that other local Councils had recently reviewed this situation in respect of their schemes and some had now decided not to register Band E. Other Local Authorities were currently consulting on this issue particularly since the introduction of the Localism Act.

The figures available indicated that Exeter had more "Band B's" than other Authorities because of the way we assess Health and Well Being in connection with other organisations. It was highlighted that Band B contains a lot of people who are looking to move and contains a lot of "under occupiers", whereas Band A individuals were only in Band A for 4 weeks after which time they are actively reviewed to make sure that they are bidding.

Many aspects were discussed by the Group including preference to those who provide a positive community contribution and those people downsizing because of the tax implications.

It became clear that each individual Local Authority that was party to the Devon Home Choice Scheme could set the criteria of what they wanted as long as it was within the parameters of the Scheme. What became increasingly apparent to the Group was that the Devon Home Choice Scheme for Exeter required tailoring to Exeter's needs.

A representative from the Housing Department at Portsmouth Council attended the next meeting and informed the Group that Portsmouth operated a different housing allocation scheme which they devised themselves on the basis that it would primarily take into account the customers' needs which they felt were not being met under the previous scheme.

Portsmouth's current scheme was described as an "informed choice lettings scheme" working on a "triage" system which came into operation from the customer's first point of contact with the Council.

It was extremely beneficial for the Group to hear from the Portsmouth representative as its Members were able to ask a wide range of questions such as:-

- How does Portsmouth deal with the issue of particular people taking advantage of the system – for instance, people who put in multiple bids and refuse consecutive offers for questionable reasons?
- How does Portsmouth deal with the anti social behaviour issues? Are they tougher on these areas?
- Does Portsmouth have a "Band E"?
- Does Portsmouth award extra points for certain people? For instance, Armed Forces personnel or people in employment?
- How does the Portsmouth system work?
- What are Portsmouth's goals?
- How much interconnectivity is there between housing, council tax support and housing options? How far has Portsmouth gone with this aspect?
- Time taken to house people in relation to Portsmouth.
- How did the Welfare Reform affect Portsmouth?
- What measures do managers focus on at Portsmouth with regards to Housing Options?

As a result of the information provided by the Devon Home Choice Coordinator and the representative from Portsmouth Council, the Group was able to ascertain that Exeter City Council needed to:-

- Correct tenants' expectations to ensure a focus on those with higher need.
- Analyse property needs and housing standards and get the right balance which would be key to the success of the system (as the Council is often battling against limited resources and soaring demand).
- Test the implementation of ideas and changes in a "live" environment so that a proven concept is immediately available to ensure that the proposed changes would be sound. In other words, an absolute knowledge of what will happen is required so that the prospects of success are known beforehand, prior to changes being rolled out on a permanent basis.
- Ask the Customer exactly what they need when they come through the door, obtaining as much information as possible at the outset.
- Stem those who take advantage of the system by placing multiple bids and then refuse consecutive offers for questionable reasons.

The Housing Options Manager (working for Exeter City Council but also in connection with Teignbridge District Council) was able to provide the Group with valuable insight into how a local, neighbouring Authority is dealing with the issues which had been identified by the Group in relation to Exeter.

Following the Group's enquiries, the provision of information and Group discussion it was established that the following recommendations be made to the Scrutiny Community Committee for reference to the Executive for approval:-

- ✚ That the current Housing Allocation model (Devon Home Choice Scheme) should be kept and improved rather than replaced.
- ✚ Band E should be removed.
- ✚ A more efficient, fair, firm and cost effective way of managing the offers should be implemented therefore improving and streamlining service delivery and attracting savings – mainly by speaking with individuals face to face or over the 'phone rather than form filling and duplication of work.
- ✚ A culture change is needed within the Council when dealing with applicants. Changes in the way in which individuals are assessed are necessary, ie, the individual should not solely be assessed for their housing band but have their actual needs assessed and should then be directed towards the right Council Department or Organisation that would be in the best position to assist that individual and meet their "real" needs as this may not necessarily equate to a housing need.
- ✚ Drive towards finding the perfect accommodation for that specific individual first time (as per the Portsmouth model). Refusals are time consuming to deal with from a housing management point of view and finding out far more data at the outset along with multiple viewings should reduce the number of refusals.
- ✚ Three refusals should be the maximum allowed for each individual.
- ✚ The proposed changes should be the subject of a 6 week consultation before implementation, and this could be carried out by utilising mainly on line enquiries to stem the cost of the consultation. The consultation would include external partners such as Devon County Council, voluntary sector agencies, individuals who are on the housing register, partner housing associations and members of staff from whom views would be sought as to the proposed changes.
- ✚ There should be a 2 year residency test in order to establish the eligibility to apply for accommodation (in line with the Government's new Statutory guidance in this respect).
- ✚ Change the way in which properties are advertised – this was suggested as a selective measure rather than a blanket proposal and a change in advertising could be used as a tool with which to keep an area "balanced".
- ✚ Extra points should be made available, for instance, to people if they are able to demonstrate a need to stay in a particular part of the city because it is convenient for work, such as they currently walk or cycle to work, therefore moving would incur extra costs to a low income household, or, in an area/housing complex where there is a high number of long term workless households and the Council needs to help encourage a more balanced and sustainable approach.
- ✚ The Council could amend the current Housing Policy to protect against the concern that an individual could be the subject of

redundancy therefore putting that individual in a “non working” situation which is not of their making and which could, if the Council were not astute, place that individual at a disadvantage for the purposes of the Housing Register.

- ✚ Utilising local lettings plans so that a balance of different individuals with different needs is maintained.

The Assistant Director, Customer Access and the Housing Needs Manager are currently preparing their report encompassing these recommendations.

Procurement Task and Finish Group (Audit and Governance)

The Audit and Governance Committee highlighted Procurement as an area which would benefit from specific review as it was apparent that the current process contained flaws which needed addressing. At present procurement is mostly dealt with on a “department by department” basis which demonstrates a real need to “join up” the areas. The Council needs to be sure that the statutory and legal obligations in respect of procurement are certainly understood by all those dealing with this area. The Legal Services Department and the Housing and Contracts Officer have already carried out work, in the interim, by updating the Council’s contract regulations, but this represented only one aspect of that which required addressing.

At the first meeting of this Group, it became apparent that some progress had already been made as an agreed budget was now in place for a dedicated Procurement Officer. However, that Officer had not been appointed yet and a Job Evaluation exercise was in the process of being set prior to advertisement of the post.

The Group was cautious of progressing this Task and Finish Group because any suggested improvements or changes to the procurement system could not be implemented until a Procurement Officer had come into post. However, the Group was keen to discuss the issues and set a scope.

Two key areas which the Group highlighted as key areas for consideration related to “compliance” and “minimising risk” and it agreed that it may be helpful to look at other Local Authorities to see how they dealt with these issues and the procurement process in general.

Members felt that a more efficient procurement process would potentially maximise the value of contracts entered into by the Council and ensure that the Council is getting the best deal, with the potential to save money in the process.

The Group heard from the Corporate Manager, Legal Services who highlighted points for the Group’s consideration, such as:-

- Part of the role of the Procurement Officer would be to see how the Council can procure goods and services at good value.
- Procurement has to be within a legal framework as the potential litigious and economic risks are high if the Council get it wrong.
- There is an opportunity for the Council to save money on existing contracts.
- The current procurement process could be improved.

- There is a need for a robust training programme for Members and Officers, once a dedicated Procurement Officer is in post. Such training could also be offered within the Induction Training for Members.
- Standing Orders relating to Procurement will need to be the subject of revision and this task will be possible once the Procurement Officer is in post.
- Officers need to work out what the value of the contract is and this is where experience and expertise is currently lacking.
- Effective contract management is required as well as a good procurement process.
- Procurement is a massive area taking into account entering into contracts, the management of those contracts and the relationship with people involved in those contracts both internally and externally.

Following discussions, the Group was able to establish issues which required specific consideration and these related to:-

- Compliance and risk – to minimise the chance of litigation against the Council.
- Value – are we getting the best value out of our contracts?
- Impact of our commissioning decisions.
- Training/member briefing on Procurement.
- Consideration of impact areas.
- Guidelines available for any Service Manager who needs to procure.

The Group also felt that there may be a need to look at commissioning models in order to consider alternative models; to look at how many contracts are outsourced and to review service delivery. As procurement is such a wide ranging subject, the Group identified that it must tailor its review to specific areas. The following questions required answers:-

“What’s out there?”

“What’s acceptable?”

“Are we achieving value for money?”

The Group agreed that it would be helpful to schedule the next meeting once the Procurement Officer was in post as it would be crucial for this Officer to have input into this Group because the Officer would be responsible for implementing changes or improvements to the procurement process.

The Scrutiny Work Programme 2014/2015 : Current Aims, Existing Workload and Target

Following the progress made in respect of the Council’s scrutiny function over the past 10 months and since the appointment of a dedicated Scrutiny Programme Officer, it is now possible to more effectively organise the Scrutiny Work Programme for the year ahead, liaising with Members to identify priority areas for investigation, set tasks, set targets and project some of the existing Task and Finish Group work for the 12 month period ahead.

The following points do not take into account the Task and Finish Group suggestions that will be provided by Members at the Annual Work Programme Meeting (in July 2014), but is designed to provide a flavour of the direction of the Scrutiny Work Programme for the year ahead:-

- Members and Officers to re-assess the existing Scrutiny Work Programme for 2014/2015 through the Annual Scrutiny Work Programme Meeting (14/07/14).
- Members to identify areas for possible Task and Finish Group investigation and prioritise these, particularly against other areas identified during the 2013/2014 programme.
- Scrutiny system changes (already identified) to be implemented subject to Executive and Full Council approval.
- To continue the work of the Cost of Living Forum to identify how Exeter City Council and its partners may improve the quality of life and affordability of living for the residents of Exeter.
- Health and Well Being - to instigate the scrutiny of the Public Health Plans (in line with DLGSG recommendations).
- To instigate scrutiny review of the Housing Revenue Account.
- To conduct a spotlight review of the Council's current twinning arrangement and funding.
- To conduct a spotlight review of Community Patrol and the need for Out of Hours Operatives.
- To continue with the work of the existing Procurement Task and Finish Group.
- To reach and exceed a target of 8 Task and Finish Groups to be completed within the period 1st August 2014 to 30th April 2015.

Possible improvements based on the experiences of 2013/2014

- Task and Finish Group member nominations should be received more quickly. Therefore, nominations will be requested following the Annual Scrutiny Work Programme meeting (scheduled on the 14th July 2014) and will be required by 29th July 2014 (Full Council Meeting). This will enable the Task and Finish Group workload to be structured with the initial Groups commencing from August 2014. This will minimise delay whilst maximising the potential volume of Task and Finish Groups for the period running between 1st August 2014 to 30th April 2015.
- To improve the collaborative working relationship between the Scrutiny Committees and the Executive, inviting Members with a leading role in both Scrutiny and Executive Committees to the regular Scrutiny "rolling review" meetings.
- To encourage Members to utilise "spotlight reviews".

Conclusion and Thanks

Scrutiny is an ever evolving process at both local and national level and improvements to the scrutiny function should be viewed as an ongoing process with continued improvement in mind. The Scrutiny process provides Members with the chance to examine the workings of the Council and get directly involved in the development of Council policy. Through effective scrutiny, Members can ensure that the work of the Council is subject to democratic checks and that the provision and delivery of services is continually improved where possible. It

also presents an opportunity for the views and needs of the local community, stakeholders and local organisations to be taken into account.

Members' suggestions covering all aspects of scrutiny, including topics for potential investigation, are always welcomed during formal scrutiny committee meetings or via direct contact with the Scrutiny Programme Officer or Chairs/Deputy Chairs of the relevant Scrutiny Committees.

Successful scrutiny function depends upon maintaining a good, collaborative working relationship between Members and Officers throughout the Council together with external partners, local people and communities which will serve to maximise the potential benefits in many areas not only for the Council, but more importantly, the residents of Exeter. The Scrutiny Programme Officer would like to take this opportunity to thank all those Members, officers and external organisations who have participated in the Task and Finish Groups and consultations to date.

For further details regarding scrutiny at Exeter City Council please contact the Scrutiny Programme Officer:-

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REPORT TO: Scrutiny Committee Economy and Executive
Date of Meeting: Scrutiny Committee Economy - 26 June 2014
Executive – 15 July 2014
Report of: Assistant Director Public Realm
Title: Future of the Waterways

Is this a Key Decision?

Yes

* One that affects finances over £1m or significantly affects two or more wards, This item is on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council

1. What is the report about?

- 1.1 This report sets out the latest position with regard to the management of the Estuary, Quay, Basin and Canal and the outstanding draft Harbour Revision Order

2. Recommendations:

- 2.1 That Members be advised that the draft Harbour Revision Order submitted to the Department for Transport in 2008 is no longer viable and should not be pursued. And that an alternative course of action is now required for management of the Estuary, Quay, Basin and Canal
- 2.2 That a review be undertaken of the options open to the Council in respect of the future management of the Estuary, Quay, Basin and Canal, in consultation with users of the Port of Exeter area.

3. Reasons for the recommendation:

- 3.1 To resolve the outstanding draft Harbour Revision Order and to scope an alternative way forward for the future management of the Estuary, Quay, Basin and Canal.

4. What are the resource implications including non financial resources.

- 4.1 None

5. Section 151 Officer comments:

- 5.1 There are no financial implications contained in the report.

6. What are the legal aspects?

- 6.1 The Department for Transport has advised the Council's application for a Harbour Revision Order would not achieve the statutory objects for which Harbour Revision Orders may lawfully be made.
- 6.2 The Council may wish to make representations on the DFT's position.

7. Monitoring Officer's comments:

- 7.1 Members are reminded that Exeter City Council continues as the Harbour Authority for the estuary and Canal. As such it continues to be subject to Statutory and common law duties which can be summarised as follows:

1. To take reasonable care that all who may choose to navigate may do so without

danger to their lives or property.

2. To conserve the harbour so that it is reasonably fit for use as a port and to see that the harbour is in a fit condition for vessels to resort to it.

3. Lighting and buoying responsibilities.

4. To comply with the Port Marine Safety Code

5. To comply with the Health and Safety etc at work Act.

6. To exercise their function with regard to nature conservation and other related environmental considerations.

8. Report details:

8.1 In 2006, the Executive resolved to submit a Harbour Revision Order to the Department for Transport to allow for the Council's interests in the Exe Estuary to be divested to a Trust Port. The draft Harbour Revision Order (HRO) was submitted to the Department in 2008 but has since then been held in abeyance, by them, until very recently.

8.2 In the meantime, a similar HRO application in the North East sought the transfer of the Immingham Humber Oil Terminal from the existing Harbour Authority, Associated British Ports, to a Trust which was to become the new Harbour Authority for the terminal and the landside infrastructure, leaving the remainder of the port with Associated British Ports. The application was rejected by the Marine Management Organisation (successor, in this respect, to the Department for Transport). This decision was upheld at judicial review in 2012 and the applicant accepted the decision and did not to appeal.

8.3 The basis of the decision rested upon the fact that the HRO would not achieve the statutory objects for which HROs could be made and that therefore it could not be lawfully made.

8.4 As a result of this judicial review; in 2014 the Department for Transport finally responded to Exeter City Council's draft HRO. Its view was that, similar to the Immingham case, our application would also not achieve the statutory objects and that; therefore, the HRO could not be lawfully made. Exeter City Council was given leave to make representations on this position. Having regard to the Humber Oil Terminals Trustee decision, it is considered prudent not to appeal and therefore accept the Department of Transport's view. As a result, it is recommended that the HRO should not be pursued any further.

8.5 Given that this is the case and with a view to the pressure on council budgets in the future, we need to reassess the options open to the Council in respect of the future management of the Estuary, Quay, Basin and Canal. Work will be done on this over the next few months in consultation with users of the Port of Exeter area and other stakeholders and the options will be reported back to Members in due course.

9. What risks are there and how can they be reduced?

9.1 No risks are identified in supporting the recommendations in this report

10. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

10.1 No impact is identified in supporting the recommendations in this report

11. Are there any other options?

11.1 The options available for the management of the Estuary, Quay, Basin and Canal will be the subject of a future report.

Roger Crane, Service Manager, Business & Commercial Operations

Sarah Ward, Assistant Director Public Realm

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

Background papers used in compiling this report:-

None

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REPORT TO: Scrutiny Economy Committee and Executive
Date of Meeting: Scrutiny Committee Economy - 26 June 2014
Executive - 15 July 2014
Report of: Assistant Director Economy
Title: Update on Consortium Bid for Major Arts Council Funding
for the RAMM

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Yes

1. What is the report about?

- 1.1 This report outlines the content of RAMM's bid to the Arts Council Major Partner Museum Grants Programme, 2015/16, 2016/17 and 2017/18. The application was submitted on 14 March 2014 in line with the ACE application deadline and following consultation and authorisation from Senior Officers, Portfolio Holders and Deputy Leader.

2. Recommendation:

- 2.1 Scrutiny Committee Economy notes and Executive endorse the contents of this report as an information briefing offering background and a level of detail to Arts Council England's announcement in July of the successful bids as this is likely to draw national media coverage.

3. Reasons for the recommendation:

- 3.1 This is a very significant national announcement since it identifies the core group of larger regional museums that will benefit from major investment from central government (Department of Culture, Media & Sport). These funds are awarded and distributed by Arts Council England (ACE). The funding is focussed on operational (rather than capital) activity and competition to secure a place in the group of Major Partner Museums (MPM) is intense. As part of a peninsula consortium with Plymouth, RAMM has derived huge benefit from being an MPM 2012-15. The funding has enabled a scale of activity and partnership at UK/regional/local levels which has helped the museum to win further awards and a national profile that directly contributes to the local economy by enhancing the city's destination offer and its promotion as a regional centre, offering a rich quality of life attractive to inward investment. (See section 4 for a calculation of RAMM's economic impact). ACE funding has averaged £571,176pa to RAMM over the three year period 2012-15.
- 3.2 This MPM funding has allowed RAMM to fulfil its role as a 'cultural flagship' for the city, the operational funding provided by ACE funding exhibitions, events and activities which make maximum use and deliver maximum public benefit for ECC's capital investment in the building. This would not have been possible without this funding, given the current financial climate facing local authorities. This issue remains a high risk concern if RAMM's 15-18 MPM application is unsuccessful. Loss of MPM funding would have a very dramatic effect on RAMM's public facing and 'back of house' activity. Services and staffing would need to be downsized and remodelled to fit much reduced budgets. This exercise would bring with it a reputational challenge, given residents' expectations of RAMM are now very high. There would also be implications for key indicators such as visitor numbers and corporate hire of spaces.

3.3 A negative impact would also be felt regionally as RAMM and Plymouth Museum both serve populations in a much wider hinterland.

4. What are the resource implications including non financial resources?

4.1 A successful bid brings additional financial resources to the City Council. This significant 'leverage' return on ECC's museum expenditure of £2,323,984 in 2013-14 generates £539,838 ACE income plus £148,215 additional funds from other sources. At present it is not possible to specify the precise level of the 15-18 funding as ACE will on 1 July provide an 'in principle' agreement to MPM 15-18 funding. There follows thereafter a period in which it will work with successful applicants to agree programmes of work and associated funding. There is an iterative process which will be concluded by March 2015 in time for the start of the funding period.

4.2 Levels of 15-18 funding are expected to show some variance from that received in 12-15 as ACE has received reductions in its own funds for distribution and may also consider enlarging the MPM group from the current 16 members. As an indication only, funding received by RAMM from ACE in the 12-15 periods were 12-13 £635,191; 13-14 £539,838; 14-15 £538,500. ACE is itself also subject to the outcome of the Government's Comprehensive Spending Review so will only be in a position to agree funding levels for 15-16 with successful applicants. The following two years 16-17 and 17-18 will be 'in principle' totals, dependent on the Comprehensive Spending Review settlement.

4.3 An unsuccessful bid will also have resource implications with 'scaled back' services and reduced income generating capacity (corporate hires/ other project funding); diminished ability to collaborate in partnership, to reach breadth and range of audiences, and a consequent impact on the role the museum is able to play within the city as a complement to its retail and tourism offer. The current annual economic impact of the Museum has been calculated as £7.4 million by city visitors who included RAMM as part of their trip to Exeter or £2.3m for visitors for whom RAMM was the principal reason for their visit to Exeter.

4.4 ACE regards their investment in Major Partner Museums as partnership funding, sitting alongside that of governing bodies (in our case the local authority's revenue support). ACE label their funding as 'additionality'. It is not permitted to use the funding for subsidy or replacement purposes and ACE have a number of checking and monitoring mechanisms in place to prevent this happening.

4.5 The commitment and ambition of governing bodies with regard to their museum is one of the assessment criteria used by ACE to select MPMs. Exeter City Councils' understanding of culture as a driver for economic development and the prosperity and quality of life of the local community, lends its MPM application particular strength.

4.6 ACE recognises and understands the financial challenges facing local authorities, but at the same time in sifting a large number of competitive applications, will be assessing the financial commitment of its prospective partners. It expects to see an appropriate level of partnership funding and requests sight of outline organisational (revenue) budgets for 2015-16, 2016-17 and 2017-18.

5. Section 151 Officer comments:

The funding generated helps to offset almost a fifth of the Museums annual expenditure. In the current financial environment the Council would not be in a position to offset the loss of funding leading to a substantial reduction in the Museum provision.

6. What are the legal aspects?

- 6.1 The Council will be required to enter into a Funding Agreement with the Arts Council for England. Funding is conditional on a number of factors including delivery of an agreed Programme of Activities with detailed outputs, along with a business plan (showing how programme will be delivered and how effectively the organisation is managing its affairs). Quarterly monitoring and annual reporting against nationally set performance indicators will form part of the agreement. The funding agreement may also have requirements around achieving particular targets, for instance around reaching specific audiences; diversity and sustainability. These conditions will be agreed and specified during the period that follows ACE's announcement on 1 July. Although these conditions may vary in detail from those applying to the 2012-15 programme, RAMM's experience of meeting these requirements means it has the systems in place to fulfil these aspects of the agreement.
- 6.2 The Funding Agreement is likely to be in line with that for 2012-15 which gives Arts Council England absolute discretion to withhold or demand repayment of all or part of the grant should the Council breach the terms and conditions of its Funding Agreement.

7. Monitoring Officer's comments:

- 7.1 Given the conditional nature of any funding offer which may be made, it is recommended that Legal Services scrutinise and approve any funding agreement to be entered into by the Council.

8. Report details:

8.1 Background

- 8.1.1 This report describes RAMM's bid as part of the MPM Peninsula Consortium to the Arts Council England's Major Partner Museum Programme.
- 8.1.2 The Major Partner Museum Grants Programme is administered by the Arts Council England distributing sector specific funding from the Department of Culture, Media and Sport. The programme runs in parallel to a similar but separate scheme making grants available to arts organisations. These are known as National Portfolio Organisations.
- 8.1.3 Through its museum programme the Arts Council wishes to enter into strategic partnerships with other funders to help deliver a shared vision and drive some long term positive outcomes for public benefit and the development of the museums sector as a whole. In its largest scale funding, its Major Partner Museum Programme, the Arts Council aims to build a network of leading museums able to consolidate the success of the programme to date while working to achieve transformational change for the future.
- 8.1.4 In selecting participants from across England, ACE is seeking to identify institutions and governing bodies that share its ambitions and understanding of culture's role in the lives of communities, individual and local/regional economies. With a limited MPM membership this represents a very significant strategic opportunity for Exeter and the peninsula within a national context. Operationally the investment offers increased capacity and potential for development and so supports the City Council's corporate ambitions for a successful and prosperous future for the city.

8.2 Funding to museums

8.2.1 The Arts Council England offers a tiered arrangement of museum funding with the differing levels appropriate to institutions of varying scale, capacity and track record. The MPM Programme is the upper tier, awarding significant funding over a three year period against an agreed and monitored programme of activity. RAMM's participation in the current MPM programme brings with it funding of £635,191 12/13, £539,838 13/14, and £538,500 14/15.

8.2.2 ACE funding is revenue funding for operational activity. ACE regard it as 'partnership funding'. Its purpose is to deliver 'additionality' and it cannot be used as replacement or backfilling funding. Partners are required to provide an 'open book' approach to their accounts.

8.3 Partnership with Plymouth

8.3.1 RAMM acquired its MPM status in 2012, the first round of programme funding 2012-15. It is an MPM in conjunction with Plymouth City Museum & Art Gallery (Plymouth City Council), a partnership which has been forged over many years close working. Together the two museums are known as the MPM Peninsula Consortium. The museums share much in common but also reflect the distinctive histories and current context of their varying home cities; differences which are complementary and put together deliver a regional presence and powerful geographic and demographic reach in the South West. Across the country there are sixteen MPMs mainly concentrated in the 'core cities' (large urban areas) but a few like Exeter/Plymouth formed as a consortium. In the South West there are currently two MPMs, Exeter/Plymouth and Bristol. Looking forward Plymouth is about to embark on its own capital project to create a Plymouth History Centre which will unite museums, archive and film holdings in a new £23.5m building. A Heritage Lottery Fund application received approval at the end of May signalling the start of this project.

8.4 MPM Programme 2015-18

8.4.1 The second round of MPM Programme funding 2015-18 requires museums to re-apply in an open application process regardless of current status. Previous success is no guarantee of renewed funding. Competition is intense: at least five bids have been submitted from the South West. Building on the strength and track record of the consortium relationship the Plymouth/RAMM partnership has again submitted a bid. Applicant guidance was issued on 7 January 2014 leading to an intensive ten week period of work before the submission deadline of 17 March 2014. Applications are now in assessment and outcomes of 'intention to fund' will be announced on 1 July 2014. Between July 2014 and March 2015 the ACE will finalise funding agreements between itself and successful applicants. This process includes producing a business plan for 2015-18. The new funding stream comes on stream in April 2015.

8.5 The Assessment Process

8.5.1 ACE assessment of applications is a two stage process. In the first stage the ACE will

- Assess the quality of the application's contribution to ACE goals (these are described in section F of this report)
- Make a risk assessment of applicant's capacity for management, leadership, governance and financial resilience.

8.5.2 In the second stage the ACE will make an assessment of how a museum or consortium fits into a nationally balanced Major Partner Museum portfolio and the priorities of the programme. This includes:

- Leadership. ACE expects Major Partner Museums to show leadership beyond the individual museum. They are required to demonstrate and support best practice as well as promoting excellence across the sector. Leadership may be within a geographical area or in an area of expertise with national relevance.
- Resilience. Organisations need to show their ability to anticipate and adapt to economic, environmental and social change.
- Geographical Spread. In selecting its portfolio the ACE will consider the reach of its funding across the UK.
- Risk. ACE will consider the level of financial risk to its investment across the portfolio of museums.

8.5.3 Other assessment considerations include local authority partnership, which is important to ACE decisions. Councils demonstrating their commitment to culture will be able to present a stronger case for MPM investment. Identification of culture as an Exeter City Council priority linked to economic development (i.e. quality of life factors, attracting inward investment and driving the visitor economy) is a strength. Exeter's approach is one shared by Plymouth City Council, lending coherence and consistency to our consortium application.

8.6 ACE Strategic Goals

8.6.1 The Major Partner Museum process is shaped around ACE's five strategic goals which form the basis of its 10 year Strategic Framework. These are:

- Excellence is thriving and celebrated in the arts, museums and libraries
- Everyone has the opportunity to experience and be inspired by the arts, museums and libraries
- The arts, museums and libraries are resilient and environmentally sustainable
- The leadership and workforce in arts, museum and libraries are diverse and appropriately skilled
- Every child and young person has the opportunity to experience the richness of arts, museums and libraries

8.6.2 ACE guidance explains the interrelationship of the goals by highlighting goals 3 & 4 as 'goals that help achieve our mission' – 3 (Resilience) and 4 (Leadership and Diversity). These provide the basis for the ACE's mission which is 1 Excellence, 2 Audience Reach and 5 Children and Young people's access to cultural engagement.

8.7 Consortium Application for Funding 15/16 – 17/18

8.7.1 The Consortium's bid reflects the guidance outlined above in 8.6.2.

8.7.2 In **Goal 1** the application focuses on the content which provides the foundation for the development of programmes, audience development and partnerships. 'Content' is derived from the collections which in the case of both consortium partners are rich and of high quality. Both museums are home to Designated collections. The character of the collections help shape partnerships, whether this is locally through related community activities, university research projects or nationally, via collaborations with for instance, the British Museum or internationally through research, exhibitions or placements.

- 8.7.3 In Exeter ACE investment in excellence will allow us to supplement the staff team and create internal capacity for RAMM to respond to opportunities identified through the Collections Review and initiatives such as the Rugby World Cup Host City and First World War Centenary. It will support RAMM's flourishing partnership with the University of Exeter and enable it to extend conservation and care of the collections.
- 8.7.4 In **Goal 2** the application recognised that Plymouth and Exeter are complementary cultural and economic nodes for the region, together including many types of destination offer, from traditional heritage to contemporary arts. Plymouth and Exeter are geographical and cultural foci, driving the visitor economy and region's skills base, giving the Consortium a broad and diverse audience reach. Both cities have recognised the importance of their cultural assets to current and potential residents, tourists and the economy and this is reflected by their own investment.
- 8.7.5 Both museums already attract a breadth of visitors but will continue to undertake initiatives designed to both reflect the diversity of their communities and draw in underrepresented groups, by working in partnership with health, well being and youth sectors. Volunteer development is part of Goal 2. Collaborating as part of city festivals is a way of widening distribution of services as well as forging cultural linkages. Both museums wish to strengthen the connections between heritage collections and their practice of contemporary artists (also forms part of ACE's cultural portfolio). They will work with partners in the two cities to do this.
- 8.7.6 In Exeter ACE investment will support the exhibitions and events programme; strengthen the internal team in important areas of exhibition development, design and technical capacity, marketing, front of house. It will also support work with practising artists, hard to reach groups and the digital development of RAMM's services.
- 8.7.7 **Goal 3** is about resilience. The consortium is built on strong foundations: the two museums have worked together for over 13 years and have robust systems in place to support this bid. The application recognises the realities of the financial situation facing local government. Both councils see museum as cultural catalysts for economic development, supporting place making and identity, stimulating the creative economy, driving tourism and attracting inward investment from other cities. The 2015-18 MPM plans are closely aligned to the two local authorities strategic plans and those of the LEP.
- 8.7.8 Networks and partnerships are central to consortium's work creating a reach across the peninsula which reflects their cities influence as economic drivers for this part of the region. They both have productive relationships with national partners and their City Universities. Both museum plan to review their business models with the intention of developing them to increase the range of income streams available to support their work. This will be an emphasis of Goal 3 2015-18.
- 8.7.9 In Exeter RAMM will in 2014/15 be using the Business Survival Toolkit; Creative Choices (developed by Creative & Cultural Skills; Cultural Leadership Programme, Design Council, Crafts Council and Heritage Lottery Fund) as a framework for reviewing its position, developing and discussing options for future direction. This will be an intensive process supported by engagement of Senior Elected Members who will be actively involved in analysing issues, making decisions and ensuring strategic 'fit'. It will inform the work of following years.

- 8.7.10 **Goal 4** focuses on leadership and diversity. The Consortium's collaborative approach with partners means that it operates as part of network at many levels from the international to local. Regionally the consortium works with the wider museums sector to share the best practice, knowledge and skills that are expected of MPM's. Somerset Museum is a key partner for RAMM, extending the reach of the Consortium eastwards. Locally, collaboration includes acting as a 'key player' in each city's cultural partnership.
- 8.7.11 Workforce development is a priority for both cities cultural groupings, as a way of developing and retaining the talent essential to growing emergent creative sectors. A series of Gateway Seminars open to new graduates, emerging artists and creative practitioners to learn about working in the cultural setting of their own city are planned.
- 8.7.12 This Goal also supports the development of skills and knowledge around the priorities identified in MPM planning i.e. tourism, marketing, data collection, customer relationship management and income generation. It also includes maintaining specialist in house knowledge through participation in museum sector networks.
- 8.7.13 In Exeter in addition to the Gateway Seminars described, RAMM will host a Graduate Business Placement from the University. In their first year they will focus on creating and testing a 'case study' template that can be rolled out for use in Exeter's wider cultural sector. RAMM will also continue to strengthen its work and innovation around working with artists. It will host a national Arts Council Curators Day on 9 October 2014. It will continue its work with volunteers 'refreshing' its volunteer toolkit for wider cultural sector use and sharing its experience of Investors in Volunteers Accreditation to assist partners. RAMM is already supporting the development of the Host City Rugby World Cup Volunteer Programme.
- 8.7.14 **Goal 5** is about supporting child and young people's engagement with the richness of arts, museums and libraries. The consortium's collections and programmes provide a catalyst for inspiration and encouragement for this key group. Whilst Plymouth as a LEA has strong links with formal learning thorough schools, Exeter's work is principally about holiday/weekend activities and not curriculum centred. Interestingly, RAMM's audience research consistently shows the top three ways visitors describe RAMM as 'educational', 'family friendly' and 'high quality'. RAMM and Plymouth both support the ACE Arts Award and Artsmark schemes which enable young people to engage with artists and creative practitioners.
- 8.7.15 In Exeter partnerships will continue to be critical to maintaining the museum's reach to children and young people in 15-18. This will include partners such as the Exeter East and Mid Devon Youth Offending Team, the local Youth Inclusion and Support Panel to reach hard to reach groups. We will also continue our collaboration with city festivals such as Extreme Imagination (children's literature), Exeter Poetry Festival and Animated Exeter to help broaden and strengthen the city's family offer.

8.8 Conclusion

- 8.8.1 RAMM has benefited enormously through its MPM status 12-15. Between April 2012 and March 2015
- Through the consortium partnership with Plymouth, it delivers strategic impact in the peninsula, strengthening the relationship between the two local authorities
 - Through delivery of enhanced services and activity it enables RAMM to maximise the benefits of its capital development and investment by Exeter City Council and Heritage Lottery Fund

- These enhanced services and activities are a significant contribution to the city's cultural and destination offer, which is a driver for economic development. Partnership with ACE through this programme sits squarely within the City Council's strategic plans and aspirations
- Its membership of the small group of MPMs brings with it a national profile and opportunities which benefit the city and the region
- It delivered financial leverage to the Council's revenue investment in RAMM at a scale of per annum, £2.22m ECC funding: £538k ACE funding (average figures)

8.8.2 Continued MPM investment will enable RAMM (within the Consortium) to develop and grow as a cultural flagship.

8.8.3 An unsuccessful bid will require a review of RAMM's capacity and reworking of its medium term ambitions. Other ACE funding streams will be open for application although these are smaller scale and project based. In the event of an unsuccessful application it will be important to consider positioning the Consortium for the bidding process 2018 onwards.

8.8.4 The results of this round 15-18 are expected 1 July.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 The MPM application contribution to the 'building of a stronger sustainable city' through leverage of additional funding based on the City Council's revenue expenditure on the Museum. ECC spend of approx £2.22m drawing in ACE funding of approximately £538k. A leverage ratio of 4:1, local authority funding to external finance.

9.2 Specifically the funding will support commitments under 'Provide great things for me to see, do and visit' namely 'Offer an inspiring programme of events, activities and exhibitions at the Museum, enriching the cultural lives of all who live, visit and work in the city'.

9.3 MPM investment supports the Museum's contribution to the city's offer as a retail and visitor destination with an economic impact of £7.4m (or £2.3m when it is the principal reason for a city visit). This positively impacts on the local economy contributing to 'Help me run a successful business in Exeter'.

9.4 As an existing MPM, the museum is well placed to contribute to the special 'quality of life' that the city is able to offer in its promotions designed to attract inward investment, new business and skilled workers.

9.5 The museum's targeted work with specific audience groups and partnership with city groups means it is also able to foster a sense of community identity and cohesion. Inclusion is implicit in 'Enable me to have my say and be heard'.

10. What risks are there and how can they be reduced?

10.1 A national programme with a fixed overall budget, combined with intense competition for available resources, makes an unsuccessful bid high risk. However the Consortium's past experience of partnership working provided a strong foundation to its preparation and planning of the bid. Careful and considered work was undertaken to demonstrate past track record and to inform proposals shaped to deliver both ACE Strategic Goals and the priorities of the two local authorities. In constructing the application we have sought to minimise risk, however some factors lie beyond our influence i.e. competition from other towns and cities; the ACE process of 'national balancing' of its portfolio.

- 10.2 The ACE view of the MPM Programme as partnership funding with local authorities means that aligning the two sets of organisational priorities within the planning process has been very important. Failure to do so would have created a flaw within the application and inherent risk. Careful referencing to ECC's Corporate Plan and key actions, together with discussions with Senior Elected Members has ensured a good fit between local priorities and those of the external funder.
- 10.3 The bidding process entails provision of a level of detail which requires thorough planning and costing for the three year period. This exercise reduces the likelihood of unanticipated risks as the proposals identify all key activities within the three year period. These are given more detail in the Programme of Activities agreed with the ACE ahead of each financial year.
- 10.4 Quarterly monitoring undertaken by the Consortium and separately in conjunction with the ACE, ensures that developing risks to the programme are identified and addressed at an early stage. An Annual Survey also provides an opportunity to highlight developing risks to the programme or partnership.
- 10.5 An unsuccessful bid carries major risks for the City Council, requiring a remodelling of its museum services, curtailment of its partnership activities and reworking of its medium term ambitions. Although the Museum would be able to apply to other ACE programmes these project funds would not be at the same level or permit similar levels of profile and aspiration. This would damage the city's cultural leadership role within the region, the effects of which would be magnified because of the partnership alliance with Plymouth. A consequence would be to diminish the influence of the peninsula in the South West.
- 11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**
- 11.1 Within the community RAMM and its varied programme occupies an almost unique position, providing a civic space where people of every socio-economic background and education can come together to share the same experience of exhibitions and activities. This gives the museum an important role in helping to forge a sense of community identity and cohesion. People visit RAMM as 'Home to a Million Thoughts' for many reasons but often as an educational or social activity which enhances an individual sense of well being or connection. In feedback from audience research visitors top three words for describing RAMM are 'family friendly, educational and high quality'. This appreciation makes RAMM an important contributor to the city's retail and visitor destination offer, with an economic impact assessment showing the museum as supporting the local economy between £7.4m and £2.3m (see section 5).
- 11.2 Increasing both the number and range of people experiencing and engaging Arts Council funded activities is central to their Strategic Goal 2. There is a close fit with ECC's concern around equality and diversity; health and well being and through current 2012-15 MPM funding RAMM has been able to undertake a number of projects in association with community groups that deliver against these objectives. These were showcased in the 'Collaboration in Practice' seminar held in November 2013 and we would look to continue similar work in 15-18, subject to funding.
- 11.3 Work with children and young people forms part of the Arts Council's Strategic Goal 5 and with the funding RAMM would intend to continue its informal learning activities, families programme and work with hard to reach groups.

12. Are there any other options?

12.1 The application has been submitted and outcome is now expected on 1 July 2014.

Camilla Hampshire, Museums Manager

Richard Ball, Assistant Director Economy

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

Background papers used in compiling this report:-

None

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REPORT TO: Scrutiny Committee Economy and Executive
Date of Meeting: Scrutiny Committee Economy - 26 June 2014
Executive - 15 July 2014
Report of: Assistant Director Economy
Title: Exeter Economic Development Strategy

Is this a Key Decision?

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Implementation of the Exeter Economic Development Strategy is a key decision and is within the forward plan of key decisions.

Is this an Executive or Council Function?

Executive

1.0 What is the report about?

1.1 To seek approval and comment from members on the new Economic Development Strategy for Exeter, based on the draft knowledge Economy Strategy, which was adopted by Scrutiny Committee Economy – 14 November 2013. The strategy also takes into account the contribution and impact other adopted city strategies have on the economy of Exeter.

2.0 Recommendation:

2.1 That Scrutiny Committee Economy support and Executive approve the Exeter Economic Development Strategy, as summarised in this report.

3.0 Reasons for the recommendation:

3.1 Development of the city's knowledge economy has been an ongoing priority for the City Council and a number of partners including the University of Exeter, Met Office, Devon County Council and the Exeter Chamber of Commerce & Industry. The city's economy has proved resilient throughout and after the economic downturn, but there is no room for complacency.

3.2 The 'knowledge economy' is a term that is growing in use. It refers to sectors where the commodity produced is not steel, coal or vegetables but is knowledge. The University of Exeter, The Met Office and South West Water would be good examples of local organisations within the knowledge economy.

3.3 The aim of the updated Economic Development Strategy is to address issues within the city particularly related to low average wages, low productivity and to respond to changes and opportunities to focus the economy following the recession. Exeter has higher than average proportions of people employed in public services, business services, retail and wholesale activity. The Economic Development Strategy will assist in a managed change to a knowledge economy to provide additional and different employment opportunities following reductions in jobs, particularly within the public sector.

3.4 The focus of the strategy is on improving the skills, qualifications and employability of the residents of the city, supporting business growth and investment, achieving the right conditions to attract inward investment and business relocations, providing a safe and welcoming city and facilitating improvements to the various aspects of the city which contribute to its much valued quality of life.

4.0 What are the resource implications including non financial resources?

4.1 The Economic Development Strategy will be implemented within existing financial and non-financial resources. The Economy Unit will work closely with the Exeter Growth Board and where appropriate local partners to implement the strategy. The intention is also to bid for funding through the Heart of the South West Local Enterprise Partnership, other agencies and the Regional Growth Fund to implement actions from the strategy, as and where appropriate.

5.0 Section 151 Officer comments:

5.1 There are no additional financial implications contained within the report.

6.0 What are the legal aspects?

6.1 None

7.0 Monitoring Officer's comments:

7.1 None

8.0 Report details:

8.1 The previous Economic Development Strategy covered the wider economic region of Exeter and the Heart of Devon, encompassing the local authority areas of East Devon, Exeter, Mid Devon and Teignbridge and the period 2008 - 2013. The strategy was adopted at the beginning of the economic downturn and unfortunately could not predict changes in the economy locally, regionally and nationally. The vision, which was adopted by the Exeter & the Heart of Devon Economic Partnership, was that:

"The Exeter and the Heart of Devon Economic Partnership will promote sustainable economic growth enabling the sub-region to take its place as the third largest focus of high value employment in the region".

8.2 The strategy gave the City Council and its partners focus and direction in the development of Exeter, which has resulted in developments including the Exeter Science Park and the city being at the embryonic stages of developing as a knowledge economy. Over the previous 10 years and since the previous economic development strategy was adopted, the city has weathered and performed well during and after the recession and has naturally positioned itself at the start of an important change in its economy. The city still has some areas that need addressing and developing through a proactive approach such as, low average wages, low productivity and improving the skills profile of residents of the city.

8.3 Ideally, an economically successful and vibrant city comprises of the following aspects:

- high levels of economic success and knowledge based activity
- a diverse industry base including distinctive specialist niches
- one or more high level research and education based institutions that have a mutually beneficial relationship, leading to economic activity built on research strengths and the retention of graduates
- strong communications infrastructure
- good transport links within and to other cities, including air, rail, road and cycle networks
- public and private sector institutions working together
- strategies to ensure that all communities benefit from the economic success

- 8.4 Some of these aspects are already established within Exeter and some are in need of development. The key to Exeter's future success will be working in collaboration and in partnership with a wide range of businesses and institutions based in Exeter and the Heart of Devon, plus further afield.
- 8.5 Implementation of the Economic Development Strategy will assist in Exeter having a successful knowledge economy, with a vibrant cultural economy for the benefit of residents, business and workers living outside of the city. The Strategy is intended to make a direct contribution to Exeter City Council's mission statement, which is primarily about growing businesses and creating jobs - "we will enhance Exeter as the regional capital, working with our partners to improve the quality of life for all people living, working in and visiting the city".

9.0 Current economic position

- 9.1 In February 2014 the Office for National Statistics (ONS) published figures which showed that national Gross Domestic Product (GDP) in Quarter 4 2013 increased by 0.6%, with continued momentum predicted. The increase was largely down to more positive business and consumer confidence.
- 9.2 From The Bank of England Inflation Report (February 2014), the UK economy grew by 1.9% in 2013, the strongest annual growth rate for six years. Much of that expansion was driven by consumer spending, as lifting uncertainty and easing credit conditions prompted households to reduce their rate of saving. That brightening in the economic environment also prompted a revival in the housing market, with housing transactions in 2013 Q4 up more than 25% on a year earlier.
- 9.3 In contrast, business investment has remained subdued. The recovery in output has not been matched by a material pickup in productivity growth. The Monetary Policy Committee expects a gradual recovery in productivity growth. As demand picks up, some businesses should be able to redeploy staff to more productive activities.
- 9.4 Knowledge based industries are likely to generate the economic growth for the future, but an important point is that the Exeter economy is a strongly performing economic area with some valuable knowledge assets. Feedback from consultation with the business community indicated that Exeter is at an embryonic stage of developing its knowledge economy and has some valuable assets to draw on most notably The Met Office, The University of Exeter, South West Water and the Royal Devon & Exeter Hospital.
- 9.5 A recently published research report by Liverpool John Moore's University 'UK city-regions in growth and recession: How are they performing at home and abroad?' explores the economic contribution the UK city-regions make to national and international economic competitiveness. Exeter is included in the report and is classified as an intermediate city region, along with cities such as Brighton & Hove, Bournemouth, Glasgow, Newcastle-upon-Tyne, Cardiff, Manchester, Nottingham, Sheffield, Ipswich, Norwich and Plymouth. Being compared as an 'intermediate city region' shows the growth the city has achieved, how we are out-performing larger cities within the UK and the economic impact we have on the South West and national economy.
- 9.6 Prior to the economic downturn Exeter performed extremely well and outperformed many leading cities in the UK. During the downturn, as with other cities, this performance has not continued - GVA has reduced as well as the number of employees (jobs). Post the economic downturn Exeter has continued to grow, but not to the extent prior to the recession, as shown in the table below. The reduction in the number of employees during 2008 – 2011 is above the national average and is a result of the reduction in public sector workers within the city.

9.7 One area of concern is the low levels of productivity (Gross Value Added (GVA) per hour worked) within the city, 2.3% below the national average. Having employees work longer hours is rarely the answer to increase productivity, it also costs more. The key is having employees working more efficiently and effectively with the correct skills, tools and operational efficiency required to do the job, which boosts productivity and the bottom line. Increasing productivity within Exeter will make businesses more competitive, cut payroll costs, increase profit margins and give room for expansion, growth and investment.

GVA per capita % change 1997 – 2008 Exeter: 73.6% UK: 63.2% Plymouth: 50.8% Bristol: 58.6% Cambridge: 70.1%	GVA per capita % change 2008 – 2011 Exeter: 3.6% UK: 1.8% Plymouth: -1.6% Bristol: 2.0% Cambridge: 1.0%
Total GVA % change 1997 – 2008 Exeter: 90.2% UK: 71.8% Plymouth: 56.6% Bristol: 74.4% Cambridge: 89.5%	Total GVA % change 2008 - 2011 Exeter: 4.6% UK: 4.18% Plymouth: 0.7% Bristol: 5.8% Cambridge: 5.8%
Total employees % change 1997 – 2008 Exeter: 29.8% UK: 12.3% Plymouth: 15.9% Bristol: 15.6% Cambridge: 15.9%	Total employees % change 2008 – 2012 Exeter: -2.9% UK: -2.6% Plymouth: -4.3% Bristol: -3.5% Cambridge: -2.3%
No comparison data	GVA (productivity) per hour worked 2008 – 2011, % point change relative to UK Exeter: -2.3% Plymouth: -2.4% Bristol: 1.2% Cambridge: -1.7%
Total population change 1997 – 2008 Exeter: 8.9% UK: 6.0% Plymouth : 2.6% Bristol: 7.9% Cambridge: 10.2%	No comparison data

9.8 The employment contribution of individual sectors within the city is shown in the table below, showing a national comparison employed in that particular sector. This information is the most up to date perspective of the distribution of employment for Exeter. The largest employers (with over 1,000 employees) are the police, Devon County Council, Royal Devon & Exeter Hospital, The University of Exeter, The Met Office and EDF Energy. These organisations will be employing people from not just Exeter, but from the wider travel to work area.

9.9 The collection of employment the data revealed that there is not yet a critical mass in key knowledge economy sectors, although there are a number of key players within and surrounding the city, as previously mentioned within this report.

Industry	Exeter	Exeter %	England %
Human health activities	9,500	11.1%	7.0%
Retail trade	8,500	10.0%	10.2%
Education	8,000	9.3%	9.5%
Public administration & defence	7,900	9.2%	5.0%
Legal and accountancy	4,000	4.7%	2.1%
Food and beverage	2,900	4.7%	5.4%
Services to buildings and landscape	2,700	3.3%	2.2%
Wholesale trade	2,600	3.2%	3.1%
Wholesale and retail trade and repair to motor vehicles	2,400	3.0%	4.2%
Employment agencies	2,200	2.8%	1.8%
Telecommunications	1,900	2.6%	3.1%
Residential care	1,900	2.3%	0.8%
Other professional, scientific and technical	1,700	2.2%	2.6%
Specialised construction	1,500	2.0%	0.5%
Real estate	1,500	1.8%	2.5%

© Business Register and Employment Survey

- 9.10 The table below highlights the percentage increase in the qualifications of the residents of Exeter over the previous 10 years, compared to the rest of the South West and England. The influx of the Met Office, blur, ATASS and the expansion of The University of Exeter and the Royal Devon & Exeter Hospital has assisted and contributed to the increase in qualifications held, especially at NVQ 3 and 4. The Exeter & the Heart of Devon Employment & Skills Board are working in partnership with a wide range of businesses, educational establishments and training providers to develop the skills and qualifications of the local workforce to improve their chance of gaining a better job within the city and to attract business relocations and investment in the city.
- 9.11 The development of the knowledge economy and the increase in businesses relocating and setting up in Exeter will aid in the increase in qualifications held across all NVQ levels. The increase in qualifications held will help in improving the average wage of people living in the city, with more disposable income becoming available there will be less pressure on the public purse through benefits claimed.
- 9.12 The creation of high value employment opportunities, attracting and retaining highly skilled workers and graduates, and capitalising on existing strengths and assets are especially important as the city continues to strengthen its economy. Encouragingly, Exeter is outperforming the South West and England in terms of % increase in qualifications in the previous 10 years.

	NVQ 4 and above	NVQ 3 and above	NVQ 2 and above	NVQ 1 and above
2004	19,600	38,500	48,800	58,700
2013	28,100	49,000	63,400	70,600
% increase Exeter	43.37%	27.27%	29.92%	20.27%
% increase South West	31.66%	19.42%	16.62%	8.59%
% increase England	34.87%	19.23%	16.75%	10.33%

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- 9.13 The increase in qualifications held goes hand in hand with the increase in the gross annual salary of the residents of Exeter. Over the previous ten years Exeter has outperformed the South West and England in terms in % growth in salary, but is below the South West and England average, as shown in the table below. In May 2014 the Regional Salary Guide was

published by national recruitment agency Reed and revealed that the majority of sectors employed in Exeter earn more a year than if they were based in Plymouth.

	Exeter	South West	England
2004	£19,073.60	£20,638.80	£21,907.60
2013	£23,561.20	£25,225.20	£26,941.20
% increase	23.53%	22.37%	22.98%

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- 9.14 The table below breaks down the full range of economically active and inactive residents of the city, 2013 is the latest available data for all areas shown. The recession and from 2008 onwards had an effect on the city in terms of the number of people claiming out of work benefits.
- 9.15 The recent reduction in the number of jobs will be related (but not wholly) to the reduction in employment within the public sector. The rise in the economically inactive needs to be taken with some caution, as this also includes the rise in student numbers at The University of Exeter, who play a very important role in sustaining a culturally vibrant and modern city.
- 9.16 National initiatives to get people back into employment, training and apprenticeships through Jobcentre Plus as well as through Exeter & the Heart of Devon Employment & Skills Board are having an impact on the city.

	Economically active	Economically inactive	Total out of work claimants	JSA Claimants
2013	60,000	19,400	9,430	1,960
2012	61,700	18,800	9,870	2,320
2011	63,400	17,000	9,610	2,080
2010	66,300	12,900	9,780	2,130
2009	65,100	13,700	9,800	2,190
2008	62,500	18,100	8,710	1,050
2007	59,400	21,500	8,790	1,210
		Student, looking after family, sick, retired, discouraged, wants a job and doesn't want a job	Employment & Support Allowance, incapacity benefit, lone parent, carers, disabled and JSA claimant	

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- 9.17 The new Economic Development Strategy takes into account the contribution and impact other city strategies have on the economy of Exeter. The impact these three strategies have on the city play a direct role in why a business would choose to relocate or invest in Exeter and why someone chooses to live in the city – an outstanding quality of life offering. These strategies have been approved at previous Economy Scrutiny Committees and can be found on www.exeter.gov.uk These three strategies are:

9.17.1 A city centre strategy for Exeter 2013 – 2022: Building on a decade of change – delivering a competitive and attractive city centre August 2013

The new city centre strategy builds on the success and achievements of the previous city centre strategy, which spanned the period of the most significant change for the city centre in 30 years, with major development and inward investment taking place. The city centre offers an abundance of opportunities for growth, local employment, wealth and social interactions that are invaluable to the city. The focus of the action plan is around encouraging more visitors, maximising their dwell time in developing the night-time economy and ensuring the experience all city centre users (visitors, residents and business) receive is varied and first class. The five aims of the strategy are combined into three areas:

- A vibrant, sustainable, resilient competitive city centre; offering attractions for all
- A welcoming and safe night time environment
- A clean, well maintained and safe environment – to give a better first impression

Delivery of some the action plan is dependant on a successful Business Improvement District (BID) vote, due to take place spring 2015.

9.17.2 Exeter Cultural Action Plan November 2014: Engaging, empowering, energising culture in Exeter

Exeter has a rich and rapidly developing cultural scene. The city is home to an extensive range of cultural organisations and festivals. Together, their activities deliver important economic, social and education benefits with culture helping to define Exeter's special character and enhance its quality of life. The action plan is a living document which is co-owned by the Exeter Cultural Partnership and the City Council, ensuring that culture is embedded in plans and strategies that will shape the city. After a wide and comprehensive consultation period with the cultural sector four key areas of development emerged, which form part of the action plan:

- develop a vibrant cultural economy – Exeter as a cultural destination
- developing cultural opportunities and experiences
- enabling a wide and diverse engagement in the cultural sector
- build a stronger, more confident cultural sector

9.17.3 Exeter Visitor Strategy 2012 – 2016

The Visitor Strategy is intended to bring many positive economic benefits to the city in sustaining and creating quality jobs within the visitor economy, through public and private sector investment. The strategy also focuses on the promotion of existing visitor facilities and recent capital developments to increase visitor numbers and spend to the city – such as RAMM, Exe Estuary Trail, Quay Climbing Centre, plus the cultural and retail offer. Working in partnership with the industry within Exeter and the Heart of Devon is key to successfully implementing the visitor strategy. There are four areas of work which form the visitor strategy:

- Support investment in the visitor economy
- Develop existing facilities and the visitor experience to provide year round employment
- Raise skills levels within the workforce
- Targeted marketing of the city and the Heart of Devon locally, regionally and nationally

10.0 Exeter Economic Development Strategy

10.1 At Scrutiny Economy 14 November 2013 the Exeter Knowledge Economy Strategy was presented to members and subsequently adopted. The new Economic Development Strategy for Exeter will be based upon the Knowledge Economy Strategy, it's vision, findings and actions, but will take into account a number of other adopted and complementary strategies for Exeter as mentioned above and listed within Appendix 1. Relevant actions from each strategy will form part of the annual work programme for staff within the Economy Unit.

10.2 There are key drivers to establishing a successful knowledge economy:

- **creating the physical requirements** – having the architecture and accommodation that businesses and workers require
- **building on what's there** – recognising the city's existing strengths and weaknesses and playing to these

- **‘smart specialisation’** – focussing on the range of economic specialisms for which there are credible opportunities
- **high skill organisations** – organisations that rely on productivity through high quality jobs and highly skilled people
- **an acclaimed education sector** – linking closely with the city and businesses, supported by good education institutions helping all individuals develop their skills
- **distinctive ‘knowledge city’ offer** – a distinctive offer for knowledge intensive businesses and workers who are considering investing, working and living in the city, supported by a diverse cultural offer
- **strong connectivity within and outside the city/region** – good communications infrastructure combined with quick links both within and to cities via air, rail and road
- **strong leadership** – around an economic vision, supported by networks and partnerships

10.3 Exeter has the foundation for growing a knowledge-based economy and has a number of these key drivers already in place. It is at the beginning of a shift in the economy towards this area. Working in partnership with key businesses and institutions within the city will provide a secure platform to ensure all of these drivers are in place to develop a strong and vibrant knowledge economy.

10.4 Exeter has strengths in a number of knowledge economy sectors and those sectors where there are both strengths and opportunities for securing growth and investment have been identified as:

Big Data	This is a term for the collection of data sets whose size is beyond the ability of typical data software tools to capture, store, manage and analyse.
Climate change	This area will be looking at the business opportunities around business adaptation and mitigation against climate change.
Health	Opportunities to present the University of Exeter as a centre in expertise in the areas of big data and health, working alongside the Royal Devon & Exeter Hospital and the medical school - focusing on: diabetes, cardiovascular risk & aging, neurology, mental health and environmental & human health.
Water	Developing Exeter as a centre of innovation for the water industry, due to its existing assets combined with the over arching expertise in big data, risk management and climate change adaptability.
Agri-tech	Agricultural technology (agri-tech) addresses the tools and machinery that are used primarily or entirely in order to support agriculture, horticulture and the industry. Having the Food Security and Land Research Alliance based at the University of Exeter is an area of differentiation for the city.

10.5 Some of these sectors are closely integrated with each other and cannot be developed in isolation, for example, using large and complex data sets to tackle climate change and issues relating to climate change may impact on crop yield and water supply. The return of the expertise held in our key knowledge institutions indicates that Exeter is a location that can really offer applied possibly multi-disciplinary solutions and as such, solutions that are potentially most commercially relevant. This ‘applied solution’ and business opportunity approach is also important in ensuring that the recommended knowledge economy sectors

are broad strands of related activity and shouldn't be a tight definition whom activity should be limited. The development of supply chains will be a key priority to enable local investment opportunities, plus encouraging business relocations to Exeter.

10.6 The consultants (Mickledore) who researched and coordinated the development of the Knowledge Economy Strategy recommends that a vision is created, which will provide an overall direction for work carried out by the City Council and its partners – ***‘to make Exeter the best-known city in the South West of England for innovation’***. Mickledore also recommend two objectives are adopted, that within 5 years of the strategy being adopted results in the establishment of:

- 75 new companies established within the Exeter area
- 2,000 new jobs created, linked to the sectors identified

10.7 To achieve the above objectives and to further develop and establish the knowledge economy within Exeter, based on attracting and growing science and technology organisations, research and development and creating high quality employment opportunities in the city, a number of actions and work areas will be developed. The table below covers a broad area of actions to be implemented, a detailed breakdown is listed within the Knowledge Economy Strategy document.

<ul style="list-style-type: none"> • Develop sector development plans for each of the five knowledge economy sectors 	<ul style="list-style-type: none"> • Work with The Met Office to secure the location for the new super computer
<ul style="list-style-type: none"> • Strengthen existing institutions to support research and innovation within the knowledge economy 	<ul style="list-style-type: none"> • Investigate funding opportunities to develop and support the knowledge economy within Exeter
<ul style="list-style-type: none"> • Promotion of Exeter for inward investment and business relocations, based around attracting knowledge economy related businesses and institutions 	<ul style="list-style-type: none"> • Develop propositions for each of the knowledge economy sectors to attract new investment through UK Trade & Investment (UKTI) and the Local Enterprise Partnership
<ul style="list-style-type: none"> • Work with businesses and institutions within the knowledge economy sector in Exeter to develop local supply chains and their customer base 	<ul style="list-style-type: none"> • Work with suppliers and providers of super fast broadband to ensure comprehensive roll out across Exeter, including all business parks current and planned
<ul style="list-style-type: none"> • Work with the Exeter & the Heart of Devon Employment & Skills Board to up-skill the residents of Exeter to ensure a ready supply of local labour 	<ul style="list-style-type: none"> • Develop business support activities and initiatives to assist in establishing new knowledge businesses within Exeter
<ul style="list-style-type: none"> • Timetable future developments so that these can be maximised for regional, national and international PR opportunities 	<ul style="list-style-type: none"> • Map and develop commercial opportunities within knowledge economy institutions based within Exeter

11.0 How does the decision contribute to the Council's Corporate Plan?

11.1 The following actions from the Council's Corporate Plan are key to the delivery of the Economic Development Strategy and form part of the annual work programme and service improvement plan for the Economy Unit:

Help me run a successful business

- Promote the city nationally and internationally to secure investment and attract new businesses and skilled workers

- Promote the city as a retail and visitor destination
- Bring employers to major employment sites, including Exeter Science Park, in the Exeter growth area
- Provide free professional advice to small start up businesses and social enterprises and help existing ones grow
- Help businesses to make their premises safe places for people to work and visit with business processes that do not harm the environment
- Advertise premises and sites through our on-line commercial property register

Provide great things for me to do

- Work towards a comprehensive re-development of the Bus and Coach Station, including retail space, new swimming pool and leisure facilities and new bus and coach station
- Support the organisation of the Exeter Festival of South West Food & Drink in Northernhay Gardens
- Work with the Exeter Cultural Partnership to prepare a Cultural Strategy to develop the breath and quality of activity in the city

Help me get back to financial independence

- Continue to work with Exeter & the Heart of Devon Employment & Skills Board to promote investment in training provision for employers and progress projects which support local people to take advantage of job opportunities
- Work with local partners to explore how we can join up services to help residents to find or get back into employment

12.0 What risks are there and how can they be reduced?

12.1 The strategy necessarily relates to the true Exeter economy which goes beyond its administrative boundaries. Many of the actions are required to be implemented in collaboration with the business community, working together with key stakeholders and regulatory authorities and agencies to ensure effective delivery and development of a knowledge based economy for Exeter. The relevance and approach of the strategy has been carefully developed and consulted upon with the aim of improving the likelihood of success. Risks remain in the ability and capacity of important contributory organisations to give sufficient time and resource. The successful model to date using the Exeter and Heart of Devon Growth Board as the focus and driving force behind the implementation of the strategy will be the main route to support successful implementation

13.0 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

13.1 Implementation of the Strategy will have a positive impact on residents and the business community of Exeter and the Heart of Devon, in terms of developing training and high worth employment opportunities related to the development of the knowledge economy, improvements to the quality of life in Exeter and providing a variety of business support opportunities for new and existing businesses in Exeter.

13.2 Work through the Exeter & the Heart of Devon Employment & Skills Board and JobCentre Plus will address skills and qualifications of young people in providing opportunities through training, employment and apprenticeships.

13.3 A number of key areas of work will be monitored on a monthly, quarterly and or annual basis to determine the success of the implementation of the Economic Development Strategy and how Exeter is performing in terms of attracting new business and investment to the city. The

Economy Unit will monitor a wide range of KPI's on the economy; including, but not limited to:

Number of investment enquiries through the Exeter Commercial Property Register	Number of businesses assisted, set up and jobs created through Exeter Business Support
Number of jobs safeguarded and created, and conversions from the above enquiries	Number and type of residents claiming JobSeeker allowance
Number of new companies established within the Exeter area, linked to the knowledge economy sectors	Number of new jobs created within the Exeter area, linked to the knowledge economy sectors identified
Number of vacant sites & premises listed on the Exeter Commercial Property Register	Average salary for a resident of Exeter, and workplace
Qualification levels of residents of Exeter	Employment by occupation and earnings of residents of Exeter
Exeter Chamber of Commerce & Trade 'How's Business' survey	Number of job vacancies listed on Universal JobMatch website
Number of Park & Ride and Exeter City Council car park tickets sold	Number of hits, page views and average time spent on: www.exeter.gov.uk/business www.investinexeter.co.uk www.heartofdevon.com
Number of visitors to RAMM, St Nicholas Priory, Underground Passages, Information Centre, Quay House Visitor Centre and Red Coat Guided Tour	City centre footfall figures (Princesshay & Guildhall shopping centres) at least but with wider measurements being explored

14.0 Are there any other options?

14.1 Adoption of the knowledge economy strategy has been the subject of previous committee reports, as the way forward for the city.

Victoria Hatfield, Economy & Tourism Manager

Richard Ball, Assistant Director

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

Background papers used in compiling this report:-

Scrutiny Committee – Economy

7 March 2013

5 September 2013

14 November 2013

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265115

APPENDIX 1

A city centre strategy for Exeter 2013 – 2022: Building on a decade of change – delivering a competitive and attractive city centre August 2013

Aim 1 – a sustainable, resilient and competitive city centre

Aim 2 – a vibrant centre which offers attractions for all

Aim 3 – a welcoming and safe evening and night time environment

Aim 4 – A better first impression

Aim 5 – A clean, well maintained and safe environment

Exeter Cultural Action Plan November 2014: Engaging, empowering, energising culture in Exeter

Vision:

The cultural city of choice – that is distinctive and recognisable, where culture is recognised as essential for quality of life.

Strategic Aim:

To develop Exeter as a culturally vibrant city

Goals:

- To develop a vibrant cultural economy – Exeter as a cultural destination
- To develop cultural opportunities and experiences
- To enable wide and diverse engagement with the cultural sector
- To build a stronger, more confident cultural sector

Exeter Visitor Strategy 2012 – 2016

Aim:

Further develop the visitor economy in order to create and safe-guard employment, through the promotion and development of existing and new visitor facilities, including the Royal Albert Memorial Museum focusing on the strengths of Exeter as a regional cultural centre. The intention is to increase employment and visitor expenditure by a minimum of 5% within the lifetime of the strategy.

Priority 1 - Encourage and support market led investment in the visitor economy in Exeter; encompassing retail, food & drink, the arts, visitor attractions, accommodation and transport

Priority 2 - Develop the visitor experience within Exeter to make the most of existing assets, individually and jointly and so that the sector provides year round jobs and contributes to a vibrant economy

Priority 3 - Raise skill levels of the existing visitor workforce and prepare those with the potential for entering employment in the sector

Priority 4 - Develop more effective and targeted visitor marketing of Exeter locally, regionally, nationally and internationally

Priority 5 - Build on work already undertaken to further develop the Heart of Devon Tourism Partnership, to secure additional funding, implement additional marketing of the area and broaden its business development activities

REPORT TO: Scrutiny Committee – Economy
Date of Meeting: 26 June 2014
Report of: Assistant Director Finance
Title: Economy Final Accounts 2013-14

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

No

1. What is the report about?

To advise Members of any major differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2014 in respect of Economy.

An outturn update in respect of the Economy Capital Programme is also incorporated into this report in order to help provide a comprehensive financial update in respect of the Scrutiny Committee – Economy budgets.

2. Recommendation:

That Members note the content of this report.

3. Reasons for the recommendation:

Local authorities have a statutory duty to set and monitor their budgets during the year and to take any actions necessary because of potential overspending or potential shortfalls in income. Members are therefore presented with a quarterly financial update in respect of Economy and this is the final report for 2013-14.

4. What are the resource implications including non financial resources?

The report is a financial update on the position of Scrutiny Economy budgets as at 31 March 2014. Therefore, there are no financial or non financial resource implications.

5. Section 151 Officer comments:

This report has been prepared on behalf of the Section 151 Officer to set out the financial position of Economy, as at 31 March 2014, ahead of their inclusion in the Council's annual Statement of Accounts.

6. What are the legal aspects?

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. In particular, Section 28 of the 2003 Act requires local authorities to monitor their budgets during the financial year.

7. Report Details:

Economy Final Accounts to 31 March 2014

7.1 Key Variations from Budget

The final actual outturn has been calculated and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets and excluding the variance on capital charges.

The total variance for the year shows a surplus of £214,635 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 54.67% from the revised budget.

7.2 The significant variations by management are:

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Property & Estates Services	(100,772)	<ul style="list-style-type: none"> • Additional income from property portfolio - High Street, Guildhall and Commercial Road offset by a shortfall at South Street, Cowick Street and Paris Street. • Void allowance used to offset shortfall at Paris Street, Cowick Street and South Street. • Additional income from Custom House rent. • Underspend on utilities and sub contractor budgets, offset by additional insurance costs. • Asset Improvement & Maintenance (AIM) budgets in respect of lease properties underspent. A budget carry forward request in respect of works at Bradninch Place required. • Contracts Unit incorporated into Property Management Team and the associated budgets transferred. • The budget provision to fund the trading loss at the Exeter Business Centre was not required. • Redundancy costs arising from the deletion of the Contract Development Manager and Contract Support Officer posts. • Support Service recharges to the management unit were less than the budget.
83A3	Car Parking	44,948	<ul style="list-style-type: none"> • Income from parking fees and other charges exceeded the budget, partially offset by income from season tickets being less than the budget. • An underspend on the AIM budget will be used for an RCCO (Revenue Contribution to Capital Outlay) in respect of works required at King William Car Park (previously known as Leighton Terrace.) • Pay exceeded the budget as a result of the realignment of duties within the Public Realm services.
83A4	Economic Development	36,909	<ul style="list-style-type: none"> • Additional salary costs – transfer of staff member, additional costs offset by saving in Resources committee. • Christmas Lights core budget - approved by Executive. • Income shortfall in respect of City Centre Partnership. • Exeter Business Against Crime – Surplus to earmarked reserve • BID budget underspent at year end • Support Service recharges to the management unit more than the budget.
83A6	Tourist Information	(17,053)	<ul style="list-style-type: none"> • Underspend on service charge, utilities and AIM budgets. • Additional income – Underground Passages

MU Code	Management Unit	Over / (Underspend)	Detail
83A8	District Highways & Footpaths	(£26,833)	<ul style="list-style-type: none"> • AIM service & maintenance budget underspent. • Support Service recharges to the management unit less than the budget.
83A9	Building Control	(72,604)	<ul style="list-style-type: none"> • Additional income from Building Control fees higher than projected. • Building Control Reserve – surplus transferred to the earmarked reserve. • Additional income from Land Charges fees and street naming. • Redundancy costs arising from the deletion of the Building Control Manager, Land Charges and Records Officer and Assistant Land Charges and Property Records Officer posts. • Support Service recharges less than budget.
83B1	Land Drainage	24,213	<ul style="list-style-type: none"> • Sub Contractor budget overspent. • Support Service recharges less than budget.
83B4	Engineering and Construction Services	15,940	<ul style="list-style-type: none"> • Redundancy costs arising from the deletion of the post of Project Architect. • Savings in salaries due to vacant and deleted posts.
83B5	Planning Services	116,100	<ul style="list-style-type: none"> • Planning fee income – significantly less than budget. • Salary savings – saving on salary budget due to non-recruitment to vacant posts • Redundancy costs arising from the deletion of Planning Office Manager and Technical Officer posts. • Support Service recharges less than budget. • Revenue contribution – Contribution to Cowick Street Environmental works capital scheme. • Additional expenditure – Habitats Assessments, Community Infrastructure Levy and Local Development Framework. • Reserve – transfer from earmarked reserve to cover additional expenditure.
83B6	Conservation	(26,028)	<ul style="list-style-type: none"> • AIM service & maintenance and priorities budget underspent. • Support Service Recharge in respect of Engineers more than budget.
83B7	Archaeological Field Unit	24,783	<ul style="list-style-type: none"> • The variance reported relates to the cost associated with the completing of archiving and boxing work in respect of the AFU. • A redundancy payment has occurred as a result of the Finds and Archives Officer post being deleted. • A transfer from the designated earmarked reserve will be made to cover costs.
83B8	Major Projects	(86,685)	<ul style="list-style-type: none"> • Budget saving - The bus and coach station project has not progressed as anticipated in the period which has substantially reduced the need for consultancy advice.

MU Code	Management Unit	Over / (Underspend)	Detail
83B9	Markets & Halls	(223,185)	<ul style="list-style-type: none"> • Additional income from events and sales of food and drink at the Corn Exchange. • Additional income at Livestock Centre - income sources which exceeded the budget were boardroom hire, auctioneers fees, car parking, open air markets and lettings. • Additional Expenditure – Event promotion at Corn Exchange and additional expenditure on food and drink at venue (offset by additional income). • Underspends on sub contractor and AIM budgets. An AIM budget carry forward is required in respect of the electrical works at the Livestock Centre
83C1	Waterways	(9,410)	<ul style="list-style-type: none"> • A redundancy payment has occurred as a result of a post being deleted from 1 April 2014. • Underspend on service and maintenance and reactive repair AIM budgets. • An element of overspend on consultancy costs will be met from an earmarked reserve. • Support Service recharges exceeded the annual budget. • Additional income received from boat storage charges, canal licences and rent.
83C2	Museums Service	98,899	<ul style="list-style-type: none"> • Costs incurred in respect of RAMM redevelopment legal claim, the costs will be met by a transfer from the earmarked reserve. • The costs associated with the sale of Rougemont House have resulted in a budget overspend. • NNDR in respect of RAMM – appeal with Valuation Office. • Offset by backdated NNDR refund – RAMM Central Library and S106 funding transfer. • Electricity and water budgets at RAMM exceeded the budget, partially offset by underspend on gas budget. • Premises maintenance budgets at RAMM overspent. • Area of Budgetary Risk – see Appendix 3 below
83C3	Leisure Facilities	(92,021)	<ul style="list-style-type: none"> • Underspend on AIM service & maintenance and reactive repair budgets. • The annual contractual increase on utility costs was less than the budgets which resulted in an underspend.

8. Capital Budget Monitoring to 31 March 2014

To report the year-end position in respect of the Economy Capital Programme and to update Members with any cost variances, acceleration of projects or slippage of schemes into future years.

8.1 Revisions to the Economy Capital Programme

The 2013-14 Capital Programme, including commitments brought forward from 2012-13, was last reported to Scrutiny Committee – Economy on 6 March 2014. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as at 6 March 2014	2,591,660	
Budget Deferred to 2014/15 & Beyond at Quarter 3	9,360	Approved by Executive 1 April 2014
Storage of Archives	65,000	S106 funding
Paris Street Roundabout	25,760	S106 funding
National Cycle Network	25,350	Contribution from Devon County Council
Sports Facilities Refurbishments	9,950	Contribution from Parkwood towards the underlay at Isca bowls
Northbrook Watercourse	11,000	Contribution from Devon County Council
Other	460	
Revised Capital Programme	2,738,540	

8.2 Performance

The current Economy Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £1,844,280 in 2013-14 with £863,340 of the programme deferred until 2014-15.

8.3 Capital Variances from Budget

No variances or issues concerning expenditure have arisen since 31 December for this committee.

8.4 Capital Budgets Deferred to 2014-15

Schemes which have been identified since 31 December as being wholly or partly deferred to 2014/15 and beyond are:

Scheme	Revised 13-14 Budget £	Budget to be Deferred £	Reason
Canal Basin and Quayside	158,650	79,840	A new boat trailer has been ordered to improve the operation of winter boat storage
Exhibition Way Bridge Maintenance	45,000	39,980	Progress has been delayed while access agreements are negotiated with Network Rail
Replacement of Car Park Pay & Display Machines	230,000	47,770	This project was delayed by the bad weather in January and March
Replace Running Track at Exeter Arena	375,000	368,000	Work was started in late March and is expected to complete in late July
RAMM Development	125,570	105,400	Some payments will not be required until 2014-15
Storage of Archives	65,000	64,230	It is expected that this work will be completed by the Autumn
Paris Street Roundabout Landscaping & Sculptural Swift Tower	69,500	62,430	ECC have been advised that the foundations would have to be much more substantial than envisaged and that additional ground investigations were needed to determine this, this work was recently completed. We are currently awaiting the agreement of the designer and manufacturer.
Heavitree Environmental Improvements	22,880	22,880	No land owners have agreed to have trees planted on their land

8.5 Achievements

The following schemes have been completed during the final quarter of 2013-14:

- **Canal Basin & Quayside**
A new boardwalk has been constructed around 60 Haven Road, improving accessibility around the basin.
- **Canal Bank Repairs and Strengthening**
This work averted the real potential of serious and widespread flooding and property damage. That the council released the money prematurely saved a large area of Exminster Marshes.
- **Topsham Rugby Club Improvements**
New changing facilities make the premises suitable for female players and children. The Council is helping the club to access further external funding to take full advantage of the legacy from the Rugby World Cup.
- **Bury Meadow Landscaping**
The new park gates were installed in 2013. The park was entered in the RHS "It's Your Neighbourhood" scheme, and helped the combined St Davids entry to secure a Silver Pennant award. The interpretation panel has since been installed to complete the project.
- **Exeter Community Garden**
Now known as the Mulberry Garden, it was entered in the RHS "It's Your Neighbourhood" scheme, and helped the combined St Davids entry to secure a Silver Pennant award.
- **Verney House Window Replacement**
The window replacement project has been completed which will improve the energy performance of the building.

9. How does the decision contribute to the Council's Corporate Plan?

Economy budgets contribute to 5 key purposes, as set out in the Corporate Plan; keep place looking good, provide great things for me to see and do, deliver good development, help me run a successful business and well run council.

10. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates. An action plan to address the key areas of budgetary risks within Economy was reported in March 2014 and is attached as Appendix 3, for reference.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, Economy safety and the environment?

No impact

12. Are there any other options?

No

Paul Matravers, Principal Accountant
David Hodgson, Assistant Director Finance

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

Background papers used in compiling this report:

None

Contact for enquiries: Democratic Services (Committees), Room 2.3, (01392) 265275

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**SCRUTINY COMMITTEE - ECONOMY
OUTTURN**

APRIL 2013 TO MARCH 2014

REVISED BUDGET	CODE	OUTTURN	OUTTURN VARIANCE	QUARTER 3 FORECAST VARIANCE	
£		£	£	£	
(2,771,045)	83A1	PROPERTY & ESTATES SERVICES	(2,871,817)	(100,772)	(45,680)
50,000	83A2	TRANSPORTATION/CONCESSIONARY FARES	44,024	(5,976)	(1,000)
(3,861,798)	83A3	CAR PARKING	(3,816,850)	44,948	(67,620)
590,010	83A4	ECONOMIC DEVELOPMENT	626,919	36,909	15,550
194,740	83A5	ARTS & EVENTS	194,694	(46)	(1,490)
449,323	83A6	TOURIST INFORMATION	432,270	(17,053)	(5,120)
383,021	83A8	DISTRICT HIGHWAYS & FOOTPATHS	356,187	(26,833)	0
120,700	83A9	BUILDING CONTROL	48,096	(72,604)	(31,300)
159,190	83B1	LAND DRAINAGE	183,403	24,213	0
540	83B4	ENGINEERING & CONSTRUCTION SERVICES	16,480	15,940	0
793,790	83B5	PLANNING SERVICES	909,890	116,100	158,800
126,523	83B6	CONSERVATION	100,495	(26,028)	0
0	83B7	ARCHAEOLOGICAL FIELD UNIT	24,783	24,783	34,040
125,000	83B8	MAJOR PROJECTS	38,315	(86,685)	(45,000)
(220,493)	83B9	MARKETS & HALLS	(443,677)	(223,185)	(67,630)
302,830	83C1	WATERWAYS	293,420	(9,410)	11,950
2,299,856	83C2	MUSEUMS SERVICE	2,398,755	98,899	9,210
843,932	83C3	LEISURE FACILITIES	751,911	(92,021)	5,430
21,312	83C4	PROPERTIES	21,113	(199)	2,680
(392,569)		NET EXPENDITURE	(691,590)	(299,021)	(27,180)

TRANSFERS TO / (FROM) EARMARKED RESERVES

	83C1 - Waterways	(5,000)
	83B5 - Planning	78,406
	83B7 - Archaeological Field Unit	(24,783)
	83A9 - Building Control	89,870
	83A4 - Economic Development	(31,822)
	83B8 - Major Projects	(38,315)
	83C3 - Leisure Facilities	(10,220)
	83C1 - Museums Service	(49,750)
	REVENUE CONTRIBUTIONS TO CAPITAL (RCCO)	
	83B5 - Planning	15,000
	83A2 - Transportation	1,000
	83A3 - Car Parking	60,000
OVERALL FORECAST EXPENDITURE FOR THE YEAR AFTER MOVEMENTS TO/FROM RESERVES		(607,204)
REVISED BUDGETS		(392,569)
ADJUSTED OUTTURN VARIANCE		(214,635)

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2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
ECONOMY & DEVELOPMENT				
KEEP PLACE LOOKING GOOD				
Canal Basin and Quayside	158,650	78,805	79,840	(4)
Exhibition Way Bridge Maintenance	45,000	5,015	39,980	(5)
John Lewis Car Park Refurbishment	2,330	200	2,130	0
King William Street Car Park (formerly Leighton Terrace Car Park) Res	96,000	90,328		(5,672)
Replacement of Car Park Pay & Display Machines	230,000	182,229	47,770	(1)
Canal Bank Repairs & Strengthening	40,000	29,121	10,880	1
Topsham Lock Leak	33,990	33,989		(1)
Northbrook Flood Alleviation	11,130	13,000	(1,870)	0
National Cycle Network	102,670	99,472	3,200	2
Security Measures for Riverside Valley Park	1,900	1,780		(120)
PROVIDE GREAT THINGS FOR ME TO SEE & DO				
Replace Running Track at Exeter Arena	375,000	7,000	368,000	0
Sports Facilities Refurbishment	54,950	27,494	27,460	4
RAMM Development	125,570	10,095	105,400	(10,075)
RAMM Off Site Store	6,860	6,859		(1)
Storage of Archives	65,000	772	64,230	2
DELIVER GOOD DEVELOPMENT				
Newcourt Community Hall (S106)	20,000	5,664	14,340	5
Newtown Community Centre	11,580	11,584		4
Topsham Rugby Club Improvements	50,000	50,000	0	0
Exeter Community Centre Garden	340	336		(4)
Newcourt Community Association Centre	34,880	1,506	33,370	(4)
Exe Water Sports Association (Grant Towards Build)	10,000	37,758	(27,760)	(2)
Exwick Ark (Grant Towards Conversion)	50,000	50,000	0	0
Devonshire Place (Landscaping)	5,000	0	5,000	0
Bury Meadow (Landscaping)	11,940	11,943		3
Ride On (Set Up Workshop/Bike Hire)	5,000	5,000	0	0
Exeter Community Centre Garden - Phase 2	16,990	16,990	0	0
St James Forum (Queens Crescent Garden)	2,500	1,900	600	0
2nd Exeter Scouts & Park Life ('Urban Village Hall' Heavitree Park)	5,000	5,000	0	0
Citizens Advice Bureau (Building Improvements)	2,500	0	2,500	0
Cowick Street Environmental Works	167,440	167,436		(4)
City Centre Enhancements	35,150	12,931	22,220	2
Well Oak Footpath/Cycleway	61,370	60,627	740	(3)
Paris Street Roundabout Landscaping & Sculptural Swift Tower	69,500	7,067	62,430	(3)
Heavitree Environmental Improvements	22,880	0	22,880	0
Central Station Environmental Works	185,000	185,000	0	0
Works at Central Library		20,000	(20,000)	0
HELP ME RUN A SUCCESSFUL BUSINESS				
Science Park	559,570	559,568		(2)
WELL RUN COUNCIL				
Verney House Window Replacement	60,000	44,959		(15,041)
137 Cowick Street	2,850	2,851		1
ECONOMY & DEVELOPMENT TOTAL	2,738,540	1,844,280	863,340	(30,921)

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AREAS OF BUDGETARY RISK

The table below identifies a number of areas that have been identified as a budgetary risk within the Economy revenue and capital budgets.

The revenue budget areas of risk are:

Budget Title	Approved Budget	Risk
<p>Property & Estates Services – Income budgets property portfolio</p>	<p>£3,500,610</p>	<p>Income dependant on properties let and the number of properties which are void for long periods of the year.</p> <p>Leases can be renegotiated at lower rate to ensure income streams are maximized but resulting in shortfall of income against budget.</p> <p>If properties are void there will be a loss of income and the council becomes liable for the Non Domestic Rates at the property. This could result in an overspend if void period is significant.</p>
<p>Car Parks – fee income</p>	<p>£5,660,000</p>	<p>A significantly increased budget was set for 2013/14. The results have fluctuated through the first half year and currently stand at approximately £40,000 less than the budget. At this stage it appears that this shortfall will be partially offset by additional income from recharges. However, this source of income can be affected by factors outside the control of Exeter City Council and even a small shortfall in percentage terms could be significant because of the size of the budget. The income is closely monitored and updates are provided to Members and the Senior Management Team on a monthly basis.</p>
<p>Planning Services – planning fee income</p>	<p>£667,850</p>	<p>Fee income projected to be significantly lower than budgeted based on to date figures. Continual monitoring of income is being carried out by officers.</p> <p>An update on the projected shortfall will be provided to Members and the Senior Management Team on a monthly basis.</p>

Budget Title	Approved Budget	Risk
Revenue: Museums – utilities and National Non Domestic Rates costs	£2,068,440	<p>The utility costs at the Museum are projected to exceed the budget.</p> <p>Officers are continually monitoring the cost of utilities and updates are being provided to the Management Team.</p> <p>The Nation Non Domestic Rates budget is projected to exceed the budget. The rateable value of the Museum increased due to the redevelopment. An appeal has been lodged with the Valuation Office, the result of the appeal should be known by the end of the financial year.</p>

ACTION PLAN

Officers have taken the following actions to address the key areas of budgetary risk:

An update on Planning Application Fee income is provided to Senior Management Team on a regular basis. The variance is being addressed corporately due to the factors contributing to the shortfall being uncontrollable.

REPORT TO: Economy Scrutiny Committee
Date of Meeting: 26 June 2014
Report of: Assistant Director Economy
Title: Social Enterprise Support Through Exeter Business Support

Is this a Key Decision?

Yes. Changes relating to Exeter Business Support is a key decision and is within the forward plan of key decisions.

Is this an Executive or Council Function?

Executive.

1. What is the report about?

1.1 To review current and planned support available for social enterprises in the city and to recommend a way forward for business support for social enterprises in the city.

2. Recommendations:

2.1 It is recommended that:

- i) the contract with The Fruit Tree for Business is not extended after 30 June 2014.
- ii) business advice, support and guidance for social enterprises will be delivered through the existing contract with Peninsula Innovations Limited.
- iii) Exeter Business Support work with other agencies providing alternative options for business support for social enterprises within the city, in signposting to them, or in helping individuals / organisations obtain appropriate advice.

3. Reasons for the recommendation:

- The original aim of developing and increasing the scale of this sector has been achieved over the 4 years direct funding support has been provided to date
- Social enterprise support can be delivered through Peninsula Innovations Limited who currently deliver generic business support and guidance under the banner of Exeter Business Support
- The level of alternative business support now available for social enterprises in Exeter has improved

4. What are the resource implications including non financial resources.

4.1 The annual cost to the City Council to fund social enterprise support is £25,000, with some staff time to monitor the annual contract. The continuation of social enterprise support being delivered by Peninsula Innovations Limited (under their existing contract) is already fully funded from the Economic Initiatives budget.

5. Section 151 Officer comments:

5.1 The proposal set out is fully funded within existing budgets and therefore causes no financial variation to the Council.

6. What are the legal aspects?

6.1 Depending on the size of the contract, consideration as to whether a tendering exercise is required is necessary.

7. Monitoring Officer's comments:

7.1 The Monitoring Officer has not seen any of the contracts referred to in this report and is therefore unable to comment as to whether there are any contractual or procurement issues.

8. Report details:

8.1 Exeter Business Support provides free professional and unbiased business support, advice and guidance to assist in the start up and early survival of businesses in Exeter. It is a partnership consisting of Peninsula Innovations Limited (PIL), Exeter City Council and The Fruit Tree for Business. The Fruit Tree for Business are contracted to deliver support to new or existing social enterprises in the city. Social Enterprise support was added to the range of support available in April 2010, with the aim of developing social enterprises in Exeter as a valuable alternative business model with the potential to create employment.

8.2 Continuing generic business support for the next 12 months (April 2014 – March 2015) was supported at Economy Scrutiny Committee 16 January 2014. The recommendation of discontinuing specific support for social enterprises was questioned and members requested that this be investigated further including alternative funding streams. The contract with The Fruit Tree for Business was extended until the end of June 2014 to allow time for a further review.

8.3 The Fruit Tree for Business

To assist in the review of support for social enterprises The Fruit Tree for Business has provided a detailed breakdown of support provided over the period of their four year contract. The table below summarises outputs secured, turnover and additional funds levered for the four years of their contract.

	April 2010 – March 2011	April 2011 – March 2012	April 2012 – March 2013	April 2013 – March 2014
Total number of enquiries received through Exeter Business Support for social enterprises	65	80	97	76
Number of social enterprises that have received advice through Exeter Business Support	41	38	50	51
Number of social enterprises that Exeter Business Support have helped set up	10	8	8	6
Number of social enterprise jobs initially created through the businesses helped to set up	14.9	9.6	4.6	3.3
Number of additional social enterprise jobs created through the businesses helped to set up	1	4.5	0	N/A
Anticipated first year turnover of businesses help set up	£667,200	£386,000	£211,975	£173,200
Actual first year turnover	£396,013	£220,145	£73,444	N/A

Actual second year turnover	£352,947	£355,071	N/A	N/A
Actual third year turnover	£361,500	N/A	N/A	N/A
Total actual turnover	£1,110,460	£575,216	£73,444	N/A
Additional funding leveraged	£4,572	£80,600	£3,000	£12,375
Number of social enterprises help start up and assisted that are still trading	5	5	5	5

8.4 The table shows that over the four year period:

- 180 social enterprises received advice
- From the above, 32 social enterprises were set up which created 37.9 jobs with a combined turnover of £1,859,667

8.5 Of the 32 social enterprises assisted to help set up, 10 are no longer trading, with 2 unknown if they are still trading and 1 moved out of Exeter. It can be confirmed that 19 businesses have been set up and based in Exeter as a result of the support.

8.6 Of the 37.9 jobs created, 11.5 are no longer employed, 3 jobs are unknown and 0.1 jobs has moved away. It can be confirmed that 23.3 jobs have been created in Exeter as a result of the City Council support for social enterprises.

8.7 **Alternative funding streams**

A recommendation from Economy Scrutiny Committee 6 March 2014 was to discuss with neighbouring local authorities the merit in combining business support activities. East Devon District Council and Teignbridge District Council were contacted to consider combining of services and future joint funding of Exeter Business Support and both local authorities declined. Funding was also sought from Nesta (Rethinking Parks) and DCLG (Delivering Differently), specifically for social enterprise business support, but both applications were unsuccessful. Feedback was not received as to why the application was unsuccessful.

8.8 Changes and reductions in public sector funding will undoubtedly affect the future delivery of public sector services. If the alternative model of service delivery through a social enterprise or similar organisational structure is to be pursued, support for their development will be sought from that service area.

8.9 **Exeter Business Support Client Survey**

In order to ascertain the quality of service received by Exeter Business Support, South West Research Company was appointed to undertake an independent survey of previous clients.

8.10 The purpose of undertaking the survey is to improve the current level of service provided by Exeter Business Support. Information provided is confidential with no individuals being identified in the final research findings. The opinion of clients was sought on:

- The different types and levels of business support available through Exeter Business Support
- The impact on their business of using Exeter Business Support
- What barriers they experienced in setting up a new business
- What type of advice and support clients would like to receive from Exeter Business Support in the future

- 8.11 Clients (860 in total) from the previous four years of Exeter Business Support were sent an email with a link to an online survey to complete. In total, 80 responded with some clients showing that they were receiving advice from a number of sources. The results of the survey will be discussed with the business advisors and a detailed analysis of the final report will be used to improve the type and level of advice, guidance and business support offered to the residents of the city. A summary of the results of the survey can be found in Appendix 1.
- 8.12 Over half of the respondents (53%) received general business advice and support, 29% through the Innovation Centre, 25% through The Fruit Tree for Business and 4% could not remember. People access Exeter Business Support due to it being free, trustworthy and from a personal recommendation. Overall, the main difficulty clients had were in accessing finance to set up and run their business and how to market their business to gain more customers.
- 8.13 Of those that used the services of Fruit Tree For Business:
- 50% used the service 2 – 5 times
 - 55% set up a new business
 - 90% stated the quality of the information provided was very good
 - 60% stated ongoing support provided was very good
 - 100% would recommend Exeter Business Support to others
 - 90% are white
 - 65% are female
 - 50% are aged between 35 – 54 years old
 - 95% do not consider themselves having a disability
 - 65% stated the overall quality of the service was very good
- 8.14 The results show clients used Fruit Tree For Business a number of times, for a variety of reasons and overall they received a positive service. The results of the client survey are very encouraging and paint a positive picture of the type and level of service offered by Fruit Tree For Business. However, there is little evidence for continuing City Council funding for specific support to grow this sector. The original intention of the initiative has largely been achieved and the level of support now required by the sector can be provided elsewhere.
- 8.15 **Support for social enterprises in Exeter**
Information on the extent of business support available for social enterprises in Exeter has been researched and updated and is shown in Appendix 2.

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 The provision of Exeter Business Support directly contributes to the purpose of '*Help me run a successful business*' and the action of '*Provide free professional advice to small start up businesses and social enterprises and help existing ones grow*'. With social enterprise support continuing at an appropriate level, the above purpose and action will still be pursued.

10. What risks are there and how can they be reduced?

- 10.1 Previous clients of The Fruit Tree for Business will be provided with the contact details of the existing business support adviser to ensure they receive ongoing support and are assisted in the running of their business, or signposted to other forms of support.
- 10.2 The business support adviser will engage with ESSENCE, the Exeter Chamber of Trade and Commerce working group supporting social enterprises; the Heart of the South West Local Enterprise Partnership supported programme, the Devon Work Hub, Dartington School for Social Enterprises and the new facility in Exeter Library to ensure that individuals and

businesses are made aware that support for social enterprises is accessible through Exeter Business Support.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

11.1 With support for social enterprises continuing the impact on the business community and residents of Exeter will be limited. If there is the need to establish a social enterprise as an alternative approach to service delivery, as a result of the City Council's transformational programme of its services, relevant specialist advice will be sought on a case by case basis.

12. Are there any other options?

- Support for social enterprises is stopped completely
- Support for social enterprises is extended with the current supplier (The Fruit Tree for Business)
- An alternative supplier of support for social enterprises is sought through a tendering process
- An alternative supplier provides social enterprise support, at no cost to Exeter City Council

Victoria Hatfield, Economy & Tourism Manager

Richard Ball, Assistant Director Economy

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

Background papers used in compiling this report:-

Scrutiny Committee Economy – 16 January 2014

Scrutiny Committee Economy – 6 March 2014

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265115

Appendix 1 - Exeter Business Support client survey – summary of results

Where possible, figures have been broken down for all respondents and for The Fruit Tree For Business clients.

Who did you receive business support and advice through Exeter Business Support?

	Overall
Innovation Centre	29%
Generic business support	53%
The Fruit Tree for Business	25%
Don't know / cannot remember	4%

How many times have you used the services of Exeter Business Support?

	Overall	FTfB
Once	30%	30%
2 – 5 time	39%	50%
6 – 10 times	17%	15%
10+ times	11%	5%
Never	3%	0

How did you find out about Exeter Business Support?

General internet search / JobCentre / Innovation Centre / Local bank / Recommendation / ECC website

Why did you use the services of Exeter Business Support?

General business advice / became redundant / It was free / Trusted source / Help to become self-employed

Please rate the following services offered by Exeter Business Support

Overall	V. Good	Good	Satisfactory	Poor	V. Poor	Don't know/didn't use
General advice on setting up a new business	46%	29%	5%	1%	4%	15%
Coaching and mentoring	40%	30%	8%	1%	5%	16%
Business planning	45%	23%	9%	-	6%	18%
Finance	21%	24%	14%	3%	5%	34%
Marketing	18%	28%	14%	3%	6%	33%
Employing staff	9%	8%	9%	3%	4%	69
Legal	14%	14%	14%	1%	4%	54%

FTfB	V. Good	Good	Satisfactory	Poor	V. Poor	Don't know/didn't use
General advice on setting up a new business	60%	10%	5%	1%	0	25%
Coaching and mentoring	50%	25%	10%	0%	0	15%
Business planning	50%	15%	10%	0%	0	25%
Finance	25%	20%	5%	5%	0	45%
Marketing	15%	25%	15%	5%	0	40%
Employing staff	10%	5%	5%	0%	0	80%
Legal	15%	20%	10%	0%	0	55%

Please rate the performance of Exeter Business Support in the following areas

Overall	V. Good	Good	Satisfactory	Poor	V. Poor	Don't know/didn't use
Speed of response	50%	34%	8%	3%	3%	4%
Relevance of information received	49%	35%	11%	-	1%	4%
Quality of information received	54%	29%	11%	-	1%	5%
On-going support provided	44%	30%	3%	5%	3%	16%
EBS website	8%	15%	16%	4%	3%	55%
Promotion of EBS in Exeter	4%	14%	15%	9%	6	53%
Overall quality of service provided	48%	36%	8%	4%	4%	1%

FTfB	V. Good	Good	Satisfactory	Poor	V. Poor	Don't know/didn't use
Speed of response	75%	20%	0	0	0	5%
Relevance of information received	85%	10%	5%	0	0	0
Quality of information received	90%	10%	0	0	0	0
On-going support provided	60%	25%	0	5%	0	10%
EBS website	10%	5%	5%	0	0	80%
Promotion of EBS in Exeter	0	20%	5%	5%	0	70%
Overall quality of service provided	65%	30%	5%	0	0	0

How could we improve our service for people wishing to set up a new business in Exeter?

Advertise services more / supply funding / More visible throughout the city / Speed up response times / Expand website / Permanent city centre office / Don't cut

How could we improve our service for people running their business in Exeter?

More interaction and follow-up / greater marketing advice / accelerator courses / greater networking opportunities

What did Exeter Business Support do well?

Advice & mentoring / sharing their expertise / 1:1 support / easy to understand / knowledgeable / they listened

Would you recommend Exeter Business Support to others?

	Overall	FTfB
Yes	91%	100%
No	9%	0%

Please provide details of any difficulties experienced when.....?

Setting up your business.....

Access to finance & lack of grants / building a website / defining the USP & idea / Legal implications & complexities / finding affordable premises / accountancy

Running your business.....

Access to finance / maintaining my website / lack of time for marketing / managing own time

Searching for business finance.....

Lack of bank finance / forecasting cashflow & growth / who to contact / unaware of options

Accessing business finance.....

Bank uninterested / length of time to access finance / refused bank loan / lack of public sector grants/finance

Searching for suitable commercial premises.....

Very hard! / finding affordable rentable properties

What is your ethnic background?

	Overall	FTfB
White	88%	90%
Black or Black British	4%	0%
Asian or Asian British	3%	0%
Mixed Race	3%	5%
Other ethnic group	3%	5%

Do you identify as...

	Overall	FTfB
Male	48%	35%
Female	52%	65%

What was your age last birthday?

	Overall	FTfB
16 – 25	14%	0
26 – 34	10%	6%
35 – 44	20%	22%
45 – 54	34%	28%
55 – 64	17%	33%
65+	4%	11%

Do you consider yourself to be a person with a disability?

	Overall	FTfB
Yes	9%	5%
No	91%	95%

Appendix 2 - support for social enterprises in Exeter

Organisation	Social enterprise support available	Free of charge / Paid
Devon County Council (Exeter Library)	FabLab Devon – enables innovation and prototyping of products by providing access to tools for digital fabrication, commercial activities can be prototyped and incubated.	Charge for use of Fab Lab
Devon Work Hub	Limited business support and information, open to all types of business	Free of charge
Heart of the South West Local Enterprise Partnership www.business-supportsw.com www.GaininBusiness.com	1-2-1 business advice and support available to all types of business, vouchers available for further specialist business support and diagnostics	Tenants of the Work Hub can access business support free of charge
Dartington School for Social Entrepreneurs	Primarily a rural programme, but if a business accesses Exeter Library or the Devon Work Hub then can access this support	Free of charge until end Dec 2015
England Business Support helpline www.gov.uk/starting-up-a-business	Digital Exchange website with face to face business advice and support. No restrictions on the type of business able to access this support	Free of charge
Exeter College	Provides training and opportunities that enable people with entrepreneurial ideas to achieve positive change in their communities	Paid for training and courses
Federation of Small Businesses	Generic business support	One hour free of charge telephone business support
University of Exeter (Peninsula Innovations)	Generic business training courses	Paid for 4 wk course Setting up your Own Business - £46
	Not applicable	Not applicable
	Only available to high growth companies through the Innovation Centre, ExIST or University of Exeter students	Limited free of charge business support and workshops available

Organisation	Social enterprise support available	Free of charge / Paid
Exeter CVS	<p>Early stage development of community groups and enterprises to determine company structure towards a social enterprise / community interest company</p> <p>Training opportunities through Devon Live (funding portal)</p>	Currently free of charge, moving towards a paid for service
Women's Development Unlimited	Business coaching and personal development for women.	<p>Free taster sessions</p> <p>Fast Track Coaching programme - £225</p> <p>Business Action Group - £245</p> <p>Fast Track 4 Growth - £50 & £125</p> <p>Paid for service</p>
Gain - Growth Accelerator	Not applicable	Paid for service
Exeter Chamber of Trade & Commerce - ESSENCE	ESSENCE is a working group of the Chamber of Commerce and is a network for social enterprises and co-operatives based within the city	Attendance is free of charge for first meeting attended. Businesses are then required to pay for membership of the Chamber to access meetings
Fruit Tree for Business	Provide a full range of business advice and support to small businesses who specialise in social enterprise and co-operatives	Paid for service (out of City Council funded programme)
Business West	Programme available for traditional business and social enterprises. Monthly introductory workshops held in Exeter	Initial free start up advice ran in conjunction with Barclays, with free monthly workshops. Further support is a paid for service
Business Advice Service (BAS) Chartered Institute of Accountants www.icaew.com	25 firms in Exeter provide an initial free consultation from an ICAEW Chartered Accountant. Guidance documents on setting up and running a social enterprise available from their website	Initial free of charge consultation. Charges then dependant if an accountant is appointed
www.socialenterprise.org.uk	Guidance documents on setting up and running a social enterprise available from their website.	Limited support free of charge. A paid for in-depth consultancy service available

REPORT TO: Economy Scrutiny Committee
Date of Meeting: 26 June 2014
Report of: Tourism Facilities Update

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

1.1 To update Members on the performance of the tourism facilities - Exeter Visitor Information & Tickets (EVIT), Exeter's Underground Passages, Quay House Visitor Centre & Red Coat Guided Tours.

2. Recommendations:

2.1 That Scrutiny Committee – Economy notes and comments on the content of the report.

3. Reasons for the recommendation:

3.1 Members have not received an update on the performance of these facilities and attractions for some time.

4. What are the resource implications including non financial resources.

4.1 Other than existing revenue budgets there are no resource implications.

5. Section 151 Officer comments:

5.1 There are no financial implications for the Council contained in this report.

6. What are the legal aspects?

6.1 None

7. Monitoring Officer's comments:

7.1 None

8. BACKGROUND

8.1 The tourism facilities are part of the Facilities & Markets section of Economy. The section also encompasses the Matford Centre, Corn Exchange, Leisure Facilities Contract Management and Markets.

8.2 A staffing review of Economy undertaken in March 2013 brought these facilities together under the management of the Visitor Facilities Officer reporting to the Events, Facilities & Markets Manager.

8.3 Much of the work of the tourism facilities crosses over with the Economy & Tourism section. Strong ties still exist between the two sections.

8.4 Work at all the facilities is to assist in the delivery of the Exeter Visitor Strategy and one of the Council's stated purposes "to provide great things to do, see and visit".

9. EXETER VISITOR INFORMATION AND TICKETS (EVIT)

9.1 EVIT carries out a number of different functions. Primarily it operates an information service to residents and visitors to the city. The centre also operates a retail function, an accommodation booking service and a box office selling tickets for shows and events in Exeter and the surrounding area.

9.2 Other functions include a front line liaison with tourism businesses within the local area including hotels, attractions and places to eat and drink. The staff also assist in the production of the tourism literature produced by Exeter City Council and undertake other occasional/seasonal duties such as providing staffing cover at the Christmas Market and the Exeter Festival of South West Food & Drink.

9.3 EVIT opens 6 days a week all year round and is staffed with 3.2 full time equivalents.

9.4 The role of EVIT and the way it functions has evolved in recent years as people change the way they access information by using websites, emails and by phone. There is a downward trend of people visiting the centre; however this has allowed the centre staff to devote time to enquiries made by different media.

9.5 The Table below highlights how the centre has handled enquiries in recent years:

	2011/12	2012/13	2013/14	Trend
Number of visitors to EVIT	66,114*	55,925	55,250	-7%
Number of other EVIT users (telephone/emails/letters)	23,650	28,085	32,637	+16%
Total number of enquiries handled by EVIT staff	89,764	84,010	87,887	+1%

Trend = The result for 2013/14 is compared to the average result over the three year period to show the percentage increase or decrease achieved in 2013/14.

* In 2011-12 the visitor number is skewed as the centre distributed 6,000 tickets (personal application only) for the Olympic Torch Relay event.

9.6 In recent years because of the reduction in footfall into the centre, new initiatives have been introduced to attract people into it. Examples include ticketing for the Olympic Torch relay event in 2012, use of the paved area outside EVIT for promotional activities, such as World of Country Life and Taiko drumming. One initiative to be developed in the next financial year is to use the centre for promotional activities for the Rugby World Cup 2015.

9.7 A successful initiative has been the development of the centre's box office facility. EVIT acts as a ticket agent for theatres, shows and events throughout the area, including Northcott Theatre, Corn Exchange, and Theatre Royal. EVIT also sells National Express tickets and coach tour tickets. EVIT gains an income through ticket sales. Below is a summary of ticket sales and income from ticket sales over the past 4 years.

	2010/11	2011/12*	2012/13	2013/14	Trend
Tickets Sold	3462	4787	4327	5653	+25%
Value of Sales	£66,888	£98,725	£75,002	£112,295	+27%
Clients	13	27	25	25	+11%
Commission raised	£1,625	£5,960	£4,286	£5,339	+22%

Trend = The result for 2013/14 is compared to the average result over the four year period to show the percentage increase or decrease achieved in 2013/14.

* In 2012-13 figures were high due to 2 large one off concerts (Jools Holland at Powderham Castle and The Coldstream Guards at Exeter Cathedral).

- 9.8 A great emphasis is placed on the need to provide a service of quality. Customer satisfaction surveys carried out in 2013 help demonstrate that this is being achieved - see appendix one.
- 9.9 In 2014 the main tourism publication to promote Exeter changed to a guide solely focussed on Exeter - the Visit Exeter Guide – previously the emphasis was on a broader geographical area. The staff based at EVIT were instrumental in obtaining £10,000 of advertising fees income for the new guide. Using the experience gained from this it is hoped that the staff will be able to gain an increased level of advertising fees for the 2015 guide and efforts will be made to identify other such income earning opportunities.
- 9.10 One of the biggest challenges currently facing EVIT is the cost of providing the service. The centre has had its revenue budget reduced by 17% in the past 4 years, from £153,030 in 2010/12 to £126,610 for the current financial year. To maintain the same level of service whilst reducing costs, the only option is to increase income.

- 9.11 Income levels from retail in EVIT have remained static over the past 3 years. The following table shows the retail income at the centre:

2011/12	2012/13	2013/14
£19,271	£17,878	£18,829

- 9.12 The Visitor Facilities Officer is exploring a number of new initiatives to increase income, these include:
- Introduction of booking fees for ticket sales
 - Seek to increase number of venues and events for ticket sales
 - Introduction of City Centre left luggage facility
 - Development of a Book-a-Bike ahead scheme
 - Introduction of a charge for attractions/accommodation providers for advertising
 - Joint retail stock purchasing with RAMM, Cathedral and other attractions within the City
- 9.13 The Visitor Facilities Officer is also exploring opportunities to increase footfall to the centre, including developing the centre as an information hub for Rugby World Cup in 2015, greater use of the square area outside the centre and to investigate sharing the centre with a third party.

10. EXETER'S UNDERGROUND PASSAGES

- 10.1 Exeter's Underground Passages is a unique tourist attraction. The centre offers guided tours of Medieval Vaulted passageways that were built to bring a fresh water supply to the city.

- 10.2 The Underground Passages are registered as an Ancient Scheduled Monument by the Department of Culture, Media and Sport. The City Council has an obligation that the passages are maintained and not allowed to deteriorate.
- 10.3 The Underground Passages re-opened in 2007 following the Princesshay development, with a new heritage centre providing interpretation and interactive exhibits. As well as the standard tours for visitors, the centre offers tours for groups and a number of special events throughout the year. The special events include:
- Easter Egg Hunts
 - Beneath the Blitz
 - Witches & Wizards Tours
 - Gory Stories & Extreme Gory Stories

A new special event is currently being developed for this Christmas on a Victorian Theme but focusing on the fire at the Theatre Royal.

- 10.4 The centre is open all year round, but has a reduced opening pattern in the winter. The centre is open 7 days per week in the peak season (June-September, and school holidays outside this period) and 6 days per week outside this period. The centre is staffed by 4.2 full time equivalents. The day to day operations at the Underground Passages are co-ordinated by the Underground Passages Supervisor.
- 10.5 Health and safety at the Underground Passages is paramount and the current staffing levels ensure that the Underground Passages can operate safely.
- 10.6 Despite the current state of the economy the Underground Passages have performed well and the number of visitors and the amount of income earned has improved since re-opening. The table below shows income and visitors since re-opening in September 2007:

	2007/08*	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Trend
Visitors	8701	18737	18505	19854	20553	19937	20688	+5%
Income	N/A	£64,000	£74,000	£66,800	£74,200	£71,400	£80,900	+13%
Groups	40	102	92	86	100	76	100	+8%

Trend = The result for 2013/14 is compared to the average result over the 6 year period to show the percentage increase or decrease achieved in 2013/14.

* In 2007-08 figures are lower as the centre did not reopen until September.

- 10.7 The emphasis of service provision at the Underground Passages is one of quality; in 2013 the attraction maintained its accreditation of Visit England's Visitor Attraction Quality Assurance Scheme. In the report from Visit England the assessor states that "the Underground Passages offered a most enjoyable visit; standards of presentation and interpretation have been maintained at a high level and in places improved". In 2013 visitor surveys were taken; a summary of the findings are outlined in appendix one.
- 10.8 A challenge for the Underground Passages in the future will be to reduce operational costs. Over the last years 4 years the revenue budget has been reduced by 10% from £95,800 in 2010 to £86,800 in 2014. The Visitor Facilities Officer is investigating ways to increase the number of visitors and in turn the level of income. Initiatives include:
- Development of additional special events
 - Use of attraction for events and functions
 - Improved Group and visitor marketing
 - Joint ticketing with other paid attractions in the City

11. QUAY HOUSE VISITOR CENTRE

- 11.1 The Quay House has operated as a visitor centre since 1988. The centre provides visitor information, historical interpretation about the Quayside and the Canal, alongside a small retail operation. The centre is open 7 days a week in the peak season (April -October) and at weekends for the rest of the year. It is staffed by 0.9 full time equivalents.
- 11.2 In 2008 Exeter City Council reduced its funding to the centre and is now majority funded by the Exeter Quay & Canal Trust (ECQT). The Trust currently provides £47,570 to the centre with Exeter City Council providing £3,670 in 2014/15 (reduced from £9,950 in 2013/14). The grant from ECQT runs for a 3-year term, the grant for 2015 through to 2018 will be negotiated later this year.
- 11.3 The centre received a major refurbishment in 2010, when the visitor and staff facilities were greatly improved.
- 11.4 The centre acts as a hub for the Quayside area and provides information to visitors, residents and traders in this popular part of the city.
- 11.5 The table below highlights the centres performance over the past 4 years:

	2010/11	2011/12	2012/13	2013/14	Trend
Visitor Numbers	22951	26423	25742	24732	-1%
Number of group bookings	146	282	230	206	-5%
Income	£2450	£4150	£3630	£3170	-5%

Trend = The result for 2013/14 is compared to the average result over the 4 year period to show the percentage increase or decrease achieved in 2013/14.

- 11.6 The number of visitors to the Quayside is strongly influenced by the weather conditions; recent wet summers have had an impact on visitor numbers.
- 11.7 Since 2013 the staff based at Quay House have been responsible for co-ordinating the booking of the Transit shed and Piazza Terracina. This service is more efficient than it had been in the past and currently 17 events have been booked into these spaces.
- 11.8 The emphasis of service delivery at the Quay House is one of quality and the centre currently holds a Place of Interest Quality Assurance Scheme accreditation from Visit England. The key findings of the Quay House Visitor Centre Visitor Satisfaction Survey are highlighted in appendix one.
- 11.9 A challenge for the Centre in the future is to sustain and maintain the number of visitors. Recently a new Quayside leaflet has been produced that will hopefully attract more people to the Quay side. It is hoped that with more events taking place at the Quay side it will attract more visitors to the area as well as encouraging more event organisers to use the area.

12. RED COAT GUIDED TOURS

- 12.1 The Red Coat Guided Tour Service provides historic tours of Exeter and operate every day of the year except Christmas Day and Boxing Day.
- 12.2 The service is delivered by 31 volunteer Red Coat guides. In April 2013, 13 new guides joined the service after completing their training the previous winter.

- 12.3 The service offers a series of free public tours with a summer programme of 30 tours a week (17 different tours) and a winter tour programme of 16 tours a week (11 different tours). Alongside the public tours a group tour service operates, offering a variety of different tours to school groups, language schools, local history groups and twinning visits. A charge is made for the group tours.
- 12.4 The Service also offers a number of special tours throughout the year, including Spooks & Broomsticks on Halloween, Exeter Blitz on 4 May, and involvement in the annual Heritage Open Days event.
- 12.5 The Table below highlights the performance of the service over the past 4 years:

	2010/11	2011/12	2012/13	2013/14	Trend
Visitor Numbers	14628	15202	14048	14863	+1%
Income	£7637	£8218	£7531	£8955	+11%
Number of Group Bookings	N/A	N/A	148	162	

Trend = The result for 2013/14 is compared to the average result over the 4 year period to show the percentage increase or decrease achieved up to 2013/14.

- 12.6 The service is continually developing. In April 2014 two new tours were introduced to the public tour programme - Tudor Exeter and the Woollen Cloth Trade. Currently a special talk is being developed to help celebrate Exeter's involvement in the Rugby World Cup. This presentation will be focussed on Exeter's Sporting History and will hopefully be presented at various sporting venues throughout the city in 2015.
- 12.7 The guides are very distinctive and are all proud to be ambassadors for the city. In 2013 the quality of the service was recognised in a number of ways; the Red Coats were voted the 'Favourite thing to do in Devon' in a poll run by the Exeter Heart & Devon Hotels & Restaurant Association; they were also awarded the 'Trip Advisor 2013 Certificate of Excellence'. This prestigious award places the Guided Tours in the top performing 10% of all businesses worldwide. The service also holds an accreditation from Visit England's Place of Interest Quality Assurance Scheme. The service has recently been awarded the 'Trip Advisor 2014 Certificate of Excellence'.
- 12.8 In 2013 a visitor satisfaction survey measured visitors' opinions of the service; the results can be found in appendix one.

13. REVENUE BUDGETS

- 13.1 The table below shows how the Tourism Facilities performed with respect to financial management in the last financial year:

	EVIT	Underground Passages	Quay House Visitor Centre	Red Coat Guides
Budget (£)	134,030	90,870	9,950	8,530
Actual Spend (£)	133,938	83,714	7,300	13,000
% Variance	0%	-9%	-36%	+45%

- 13.2 The Red Coat Guided Tour budget was over spent by £4,470; the main reason for this was to provide new guides with training and uniforms. The number of new recruits was a lot higher than in the past because in the previous year the number of guides had fallen to a level where it would have been difficult to operate the service.

14. HOW DOES THE DECISION CONTRIBUTE TO THE COUNCIL'S CORPORATE PLAN?

- 14.1 The Tourism facilities contribute to the Council's Corporate Plan by providing great things to do, see and visit. Emphasis is on quality and to enhance the City's cultural offering. As well as providing top quality attractions the facilities help to promote what else is going on in the city from independent attractions to festivals and events
- 14.2 The Tourism facilities also support the local economy in assisting local businesses to run successfully, through promotion of attractions, places to stay and places to eat

15. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

- 15.1 The facilities provide a service that meets the councils commitment to equality and diversity. Information, interpretation is available in different formats and languages. All of the centres are DDA compliant and the Red Coat Guides are able to amend their tour routes should any customers have mobility issues.
- 15.2 EVIT is involved in the Little Shoppers campaign to protect children that may be lost within the shopping centre
- 15.3 All facilities are signed up to the Exeter Businesses Against Crime scheme and are in a position to report any thing that may have an impact on the local environment and community safety

16. WHAT RISKS ARE THERE AND HOW CAN THEY BE REDUCED?

- 16.1 The main risk to the service is cost of provision; this report outlines the initiatives being pursued to control costs.

David Lewis, Events, Facilities and Markets Manager
Richard Ball, Assistant Director Economy

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

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265275

Appendix One

Results from EVIT Visitor Satisfaction Surveys 2013

	Excellent	Good	Neither	Poor	Very Poor
Accessibility & Sign posts	39%	45%	13%	3%	0%
Customer Service	66%	32%	0%	0%	2%
Goods & Services	45%	47%	8%	0%	0%
Overall Impression	53%	39%	8%	0%	0%
Range of Information	58%	37%	5%	0%	0%
Speed of Service	63%	34%	0%	0%	3%

Results based on a sample size of 87 surveys.

These results highlight that over 90% of respondents thought that in all aspects of service delivery except sign posting of the location at 84% the level was good or excellent.

Results from the Underground Passages Visitor Satisfaction Surveys 2013

	Excellent	Good	Neither	Poor	Very Poor
Accessibility & Sign posts	52%	41%	6%	0%	1%
Audio-visual presentation	63%	29%	7%	0%	1%
Customer service	76%	20%	3%	0%	1%
Interactive displays	51%	41%	5%	2%	1%
Interpretation displays	51%	46%	1%	0%	2%
Overall impression	64%	28%	2%	0%	1%
Speed of Service	72%	27%	0%	0%	1%
Tour Underground	77%	18%	1%	1%	1%

Results based on a sample size of 77 surveys.

These results highlight that over 90% of respondents thought that in all aspects of service delivery the level was good or excellent.

Results from Quay House Visitor Centre Visitor Satisfaction Surveys 2013

	Excellent	Good	Neither	Poor	Very Poor
Accessibility & Sign posts	65%	26%	5%	4%	0%
Audio-visual presentation	56%	31%	13%	0%	0%
Customer service	75%	23%	2%	0%	1%
Goods & Services available	54%	41%	5%	0%	0%
Information available	73%	23%	4%	0%	0%
Interpretation displays	66%	28%	6%	0%	0%
Overall Impression	72%	22%	6%	0%	0%
Speed of Service	77%	20%	3%	0%	0%

Results based on a sample size of 29 surveys.

These results although from a relatively small sample size highlight that over 90% of respondents thought that in all aspects of service delivery except the audio-visual presentation at 87% the level was good or excellent.

Results from Red Coat Guided Tours Visitor Satisfaction Surveys 2013

	Excellent	Good	Neither	Poor	Very Poor
Content of Tour	76%	22%	2%	0%	0%
Customer service	79%	18%	3%	0%	0%
Delivery of Tour	76%	22%	2%	1%	0%
Overall impression	78%	19%	3%	0%	0%
Sign posting	47%	36%	10%	6%	1%
Variety of tours on offer	67%	28%	5%	0%	0%

These results are based on a sample of 156 questionnaires.

The results of the surveys highlight that over 90% of respondents thought that in all aspects of service delivery except for sign posting at 83% the level was good or excellent.

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PARKWOOD LEISURE WORKING GROUP

Tuesday 22 April 2014

Present:-

Councillors Mitchell, Denham and Leadbetter

Also Present

Events, Facilities and Markets Manager, Leisure Facilities Manager and Democratic Services Officer (Committees) (SLS)

Jeremy Wright and Charlotte Tregedeon

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APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Crow and Robson and Darren Parrott.

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MINUTES OF MEETING HELD ON 25 FEBRUARY 2014

The minutes of the meeting held on 25 February 2014 were agreed as a true record.

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CUSTOMER FEEDBACK

Analysis of Customer Comments March 2013 to February 2014

Steve Lyon circulated an analysis of customer comments made for each of the centres for the period from March 2013 to February 2014.

Customer Comments for February 2014

A copy of customer comments was also circulated and the format included the response or action taken, under categorised headings of maintenance, health and safety, cleaning and staff and also where a compliment had been recorded. It was noted that 32 comments had been received covering all of the sites, which was a lower number than for the same period last year. The customer's comments were received in a variety of ways through the comment's sheets, other written correspondence such as letters and emails as well as verbal comments. Jeremy Wright clarified that recorded verbal comments were considered to be substantial in nature rather than a passing remark. Steve Lyon added that customer's views could also be very subjective such as in the case of pool water temperature. Jeremy Wright responded to a comment made about a recent issue relating to the water temperature of the main pool at the Pyramids. Councillor Denham stated that she had been impressed with the proactive approach by both Parkwood and Exeter City Council in keeping the press informed after the Pyramids main pool's water heater failed. They provided regular public and media updates and also included social media, providing just the right level of communication. Steve Lyon added that water temperature of a swimming pool was very individual, but had to meet an official governing body's national guidelines.

Jeremy Wright replied to comments made over the response to phone calls at the Riverside Leisure Centre. He explained that Parkwood constantly monitored the volume of calls, and were continually looking at ways to improve the experience. They were in the process of ensuring that adequate training was available and were

also updating the access to booking systems in the back office. Councillor Mitchell sought more detail on how quickly maintenance and cleaning issues were resolved. Steve Lyon considered that such information could be included in the future. (Steve Lyon and Jeremy Wright to discuss and determine whether the information was available and how it could be presented).

Jeremy Wright also provided background information to a comment made over issues relating to patrons tampering with the light fitting in the sauna at the Riverside. They would ensure that replacement lights were available in stock at all times. It was noted that the Centre Manager was responsible for such maintenance issues. Parkwood used a local electrical contractor and they were now undertaking a monthly inspection with the aim of replacing bulbs or electrical equipment as appropriate rather than waiting until a problem occurred.

Members noted the report.

45

FACILITY IMPROVEMENT PLANS

Prior to the meeting the Group visited the Exeter Arena to view the progress of the redevelopment and replacement of the athletics track and associated field event facilities.

Charlotte Tregedeon provided a short presentation on Isca Bowls Centre. She detailed the progress they had made, and also anticipated making in the future in relation to the Facility Improvement Plans for the Isca Bowls Centre. She had been managing the facility as well as the Arena since November. There had been many improvements to the facility and she also referred to progress made on staff team development, which dovetailed with the human focus training initiative. They also operated a progress plan within Parkwood to identify staff who could progress to the next level.

Parkwood had eight sites in Exeter which were all at the second quarter assessment stage of Quest, the national benchmarking quality scheme. The Quest Facility Improvements Plan provided the framework for centre and staff development, which together with the service improvement plans, outcomes of the customers' surveys and customer satisfaction surveys all helped to inform the day to day management. Quest was adhered to on all sites (except Northbrook Golf Course) and highlighted any issues and work required for the Service Improvement Plan. Quest scores for the Exeter Arena had increased and were now in the high/good satisfaction banding, the Isca Centre was also rated satisfactory and both sites were in Parkwood's top six.

A number of initiatives had a positive benefit on the service including the increased day to day inspections by the Duty Manager. Parkwood had introduced a more open management style across the contract with a Manager's open door policy. A new form of staff training called 'Human Focus' had been implemented and was offered to all new members of staff – this was a generic on line course as part of an pre-employment induction that could be carried out before the site specific introduction and induction. All staff at the Arena and 85% of staff at Isca Bowls Centre had recently completed this training (two members of staff were currently on maternity leave).

Members congratulated Charlotte and her team on the cleanliness and professionalism at the Centre.

Members had a brief tour of the facility after the meeting.

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FACILITY PROGRAMMES

Steve Lyon updated Members on the facility programme in place at the Pyramids and Riverside. It was noted that every effort was continuing to be made to encourage the city's swimming clubs to consider the Riverside as a regular training venue. Jeremy Wright confirmed that the Exeter Swimming Club and the Triathlon Swimming Club had decided to remain at the Riverside for the present, but there were issues of introducing clubs, whilst ensuring they accommodated all users, which still needed to be resolved.

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ANY OTHER BUSINESS

Dave Lewis referred to the forthcoming Ukulele Orchestra concert at the Riverside on the 3 May. Parkwood were contracted to hold a number of larger events throughout the year and the Riverside was capable of taking a higher capacity than the Corn Exchange, as this was an event which always sold well. Jeremy Wright offered to sell tickets from the Leisure Centre. Dave Lewis would contact him to discuss as there might be some benefit in the run up to the event.

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FUTURE DATE AND TIME OF MEETINGS

The date of the next meeting of 17 June which was due to take place at the Arena was discussed. It was suggested that a later date would be more appropriate to tie in with a provisional opening month of July.

(The meeting commenced at 10.00 am and closed at 11.20 am)

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By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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