

SCRUTINY COMMITTEE - ECONOMY

7 March 2013

Present:

Councillor Crow (Chair)

Councillors Brock, Baldwin, Bialyk, Bowkett, Bull, Crew, Lyons, Mottram, Pearson, Prowse, Robson and Wardle

Also present:

Strategic Director (KH), Strategic Director (MP), Assistant Director Economy, Senior Accountant, City Centre Manager, Partnership and Projects Manager (Exeter and Heart of Devon Employment and Skills Board) and Member Services Officer (SLS)

In attendance:

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

Also Present:

Mr Stephen Oliver – Programme Director YTKO, Economic and Business Support

10 **Minutes**

The minutes of the meeting held on 17 January 2013 were taken as read, and signed by the Chair as correct.

11 **Declarations of Interest**

No disclosable pecuniary interests were declared.

12 **Questions from Members of the Council Under Standing Order 20**

In accordance with Standing Order 20, a question from a Member, Councillor Prowse, was put to the Portfolio Holder for Sustainable Development and Transport in respect of parking enforcement issues. The Portfolio Holder replied. A copy of the questions had previously been circulated to Members. The questions and the reply from the Portfolio Holder (in italics) are appended to the minutes.

13 **Broadband Infrastructure Presentation**

Mr Stephen Oliver, Programme Director made a presentation on the work of YTKO, a public sector organisation who are part of the Connecting Devon and Somerset project, a ground breaking partnership encompassing six local authority areas, to deliver improved and high speed fibre broadband to businesses, particularly in rural areas.

Their ambition and technical objectives are to :-

- Deliver 100% broadband coverage by the end of 2016 (2Mbps)
- 90% to be High Speed Fibre (FTTC)

- Deliver at least 50% take-up and tackle digital exclusion (without this programme there was likely to only be 15% take up).
- Increase Gross Value Added (GVA) by £750million by 2020 creating high tech jobs and inward investment

They offer one-to-one mentoring and enhance business support providing a tailored advice service including support sessions for business and communities covering ICT skills development with flexible group workshops and training sessions. Mr Oliver referred to a forthcoming event in the Harry Hems Centre in Exeter aimed at businesses, rather than the community. There needed to be a level playing field to give every business the chance to compete and faster broadband would enable local businesses to develop with a competitive advantage through the following :-

- Improved digital inclusion
- Improved web presence
- Improved customer experience
- Attract inward investment
- More use of cloud computing resources
- Improved video conferencing to reduce need for travel and help the green agenda
- Faster speeds
- Flexible home work networking
- Reliable service
- Encouraging younger people and skilled professionals to stay in the area

A Member commented on the existing broadband providers particularly in more rural areas. Mr Oliver referred to the coverage provided by BT who were responsible for the infrastructure, and Virgin, who had a relatively small footprint in comparison covering the urban areas. Future development would not be restricted as technology would change rapidly and 2Mbps was becoming the minimum standard. He responded to a comment on fibre versus wireless technology and fibre could still present a challenge even within the Exeter boundaries.

Members thanked Mr Oliver for attending the meeting.

14 **PREPARATION OF KNOWLEDGE ECONOMY STRATEGY 2013 - 2018**

The Assistant Director Economy presented the report, seeking approval for the preparation of a strategy and action plan, which would set out how the City's economy could benefit from focusing on the development and attracting science and technology organisations, to help create high quality employment. The Knowledge Economy was described as being based around activities which created value from exploiting knowledge and technology, rather than physical assets and traditional employment. Support for the growth of higher value jobs was an essential element of looking to the future success of Exeter. The Assistant Director Economy outlined how the Council would seek the necessary advice and support.

A Member suggested working with Devon County Council to identify adult and community based training opportunities with a skills based focus. The Assistant Director Economy agreed that would be a worthwhile exercise as part of a broader approach by the Employment and Skills Board. He also responded to a Member's comment on the specialist advice, stating that it would be sought by employing a consultant with proven experience working with other key agencies and major private and public sector organisations.

Scrutiny Committee – Economy supported the development of a strategy to promote the further development of the city’s knowledge economy, and requested Executive to approve funding of up to £20,000 to secure specialist advice to prepare the document.

(Report circulated)

15 CITY CENTRE BUSINESS IMPROVEMENT DISTRICT

The Assistant Director Economy presented the report which sought City Council support and funding towards the cost of establishing a City Centre Business Improvement District (BID). This would include a levy on the business rates to support a programme of activities and improvement in the area.

Sara Bond, Chair of Exeter Chamber of Commerce attended the meeting and referred to Chamber colleagues who were firmly backing this second BID proposal. It was a difficult time for businesses to consider any additional cost, but the proposed BID would provide many benefits for the business community as a whole. Despite the relative resilience of the local economy, there could be no complacency particularly when there were other successful BIDs in nearby towns and cities in the region. Members welcomed the close involvement of the Chamber of Commerce to work together to develop an even stronger economy.

The following responses were given to Members:-

- Sara Bond considered that, provided the BID promoted the right vision, local businesses should see the benefits to both themselves and the economy as a whole. Exeter was already in a good position, but there would be a more targeted approach engaging with many of the same individuals and businesses as well as identifying new consultees in a more clearly defined geographic area. The Assistant Director Economy added that the consultation exercise would relate to specific addresses within the city centre.
- The Assistant Director Economy outlined the typical levy payable with a sliding scale to where a business paying less than £10,000 in business rates would not be asked to contribute at all. Smaller businesses were likely to receive the most benefit, with a programme of activities identified in areas with the most need in the city centre. He acknowledged the Member who emphasised the need to provide working examples of the levy and to encourage local business owners who have already shown their commitment to the BID process.
- Sara Bond addressed a Member’s comment on the need to influence the national High Street names, suggesting that her role as Chair of the Chamber would help in this regard. Businesses would need to take a particular stance or have a policy for dealing with BID proposals and she would ensure they had made the appropriate contact. There was now an opportunity to make an impact extolling the benefits of a BID, with more support from individuals working towards a successful BID and embracing the latest digital and social media technology.

Scrutiny Committee – Economy noted the progress and supported the contribution of £25,000 towards the cost of a business plan for the development of a City Centre Business Improvement District.

(Report circulated)

16 PRODUCTION OF PROMOTIONAL VIDEO

The Assistant Director Economy presented the report, and sought support for the production of a promotional video (also known as a Vodcast) which would include set-pieces in and around the city landmarks. The video would be produced to promote the advantages of the city for local and relocating businesses, and be embedded on the City Council's web site with a shorter edited version available for separate presentations. It was important to ensure that the right quality was produced to ensure the key message of Exeter as a centre of business excellence was appropriately captured. In response to Members' comments, he confirmed that, where possible, every effort would be made to use a locally based firm and ensure the video had sufficient sustainability and longevity to acknowledge any future changes in the city.

Scrutiny Committee – Economy supported the report and requested Executive to approve funding of up to £18,000 to produce a five minute video to be included on the Exeter City Council website.

(Report circulated)

17 PROGRESS REPORT: EHOD EMPLOYMENT AND SKILLS BOARD

The Assistant Director Economy presented the report updating Members on the activities of the Employment and Skills Board for the Exeter and Heart of Devon area and progress made getting local people into work, promoting the value of skills and supporting business growth. The Board were committed to providing good outcomes through helping people back to financial independence; reducing youth unemployment (16 – 24), and helping businesses to be more successful. The Partnership and Projects Manager, Exeter and Heart of Devon Employment and Skills Board outlined the projects and initiatives delivered so far in relation to providing the necessary skills of the current and future workforce, particularly to help retain the workforce in the local area. She also referred to the growing apprenticeship scheme and to efforts to encourage businesses to re-engage with the workforce and understand the benefits such as training could bring.

A Member expressed concern about the high level of Job Seekers Allowance (JSA) claimants in the 16 to 24 age group in Exeter, and low level of apprenticeship take up and how that could be addressed. The Partnership and Projects Manager said that the dynamic in apprenticeship take up had recently shifted, as previously there were not enough placements offered by business, but this year there were unfilled vacancies. It was thought this that could be attributed to the minimum apprenticeship wage of £2.65 per hour, which might not offer young people an incentive to be an apprentice if they could earn more in a job without training. A Member questioned why so many young people were unemployed for over 12 months and asked whether there were any surveys to find out why they disengaged. The Partnership and Projects Manager said that they would probably be on the Work Programme and have the opportunity to speak with an advisor and receive tailored support and a regular review of their needs and training. In response to a Member's question, she confirmed there were 22 partners on the Board, with approximately half of the representatives being employers including the Chamber of Commerce and the Federation of Small Business. The Strategic Director (KH) suggested that they should join up with the Exeter City Football Club as they had a number of projects to help harder to reach groups prepare for employment. The Assistant Director Economy also responded to a comment on the Gross Value Added (GVA) figure for

Exeter, which was a measure of total income or production and agreed to provide the Member more explanatory detail on this.

A Member shared his own experience of employing two apprentices and the thorny issue of low pay against the cost of formal training incurred by the employer. He would welcome more promotion of the scheme, particularly to smaller businesses and offered his support. A Member also asked if a representative from Job Centre Plus could be invited to a future meeting to explain some of the issues relating to youth unemployment and the ways in which they are being supported. The Assistant Director Economy advised that he would extend an invitation to a future meeting.

Scrutiny Committee – Economy noted the report.

(Report circulated)

18 **SUPPORT FOR SMALL BUSINESSES**

The Assistant Director Economy presented the report providing Members with a brief overview of provision in Exeter for business support including the contribution made by services funded by the City Council. The report also outlined the range of expertise and support across a wide spectrum of business needs including pre-start ups, start –ups and existing businesses, and the changes in delivery to assist small businesses to start up, survive and grow. A Member appreciated that there were limited resources, but suggested that this should be given a higher profile to support as many businesses as possible. The Assistant Director Economy agreed that every effort was made to collaborate with local business. A Member welcomed the continuation of this valuable service. A Member also referred to the rise in self employment and whether a proactive approach should be made to signpost available services. The Assistant Director Economy confirmed that where they were aware of redundancies, the business advisor would act on referrals and engage with that group. There was a capacity issue but every effort is made to ensure that those individuals who need the support receive it.

Scrutiny Committee – Economy:-

- (1) supported the City Council continuing funding of £42,000 and £25,000 respectively for small business support for embryonic and new businesses and social enterprises, providing opportunities for individuals to secure the means of improving their financial position in these difficult times and promoting job creation; and
- (2) agreed that officers be authorised to negotiate service level agreements for 2013/14 with Peninsula Innovations Limited and The Fruit Tree for Business for the continued delivery of services outlined in the report under the banner of Exeter Business Support.

(Report circulated)

19 **CHRISTMAS LIGHTS TASK AND FINISH GROUP SCOPING REPORT**

The City Centre Manager presented the report setting out the suggested scope and timescale for the establishment of a Christmas Lights Task and Finish Group to look at the future funding of City Centre Christmas lights. A Member referred to the areas around the city where a commitment to delivering Christmas lights had been made by the local traders, with Magdalen Road being a particular example. She suggested that although the focus was on Christmas lights for the city centre, at some point

other outer centre areas such as Heavitree should be acknowledged. It was noted that nominations for the Chair of the Task and Finish Group would be considered at the Task and Finish Group's first meeting.

Scrutiny Committee – Economy supported the membership and proposals for the Christmas Lights Task and Finish Group, with a final report on outputs to be made to the 30 May meeting of this Committee.

(Report circulated)

20 **BUDGET MONITORING REPORT TO 31 DECEMBER 2012**

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

The Assistant Director Finance presented the report advising Members of any material differences by management unit to the revised budget. The current forecast suggested that the net expenditure would decrease from the revised budget by a total of £858,350 after transfer to and from the reserves, which was a variation of 30.3% for the revised budget, and included a supplementary budget of £71,060. The current forecast variance represented a significant reduction of £399,850 in expenditure compared with the variance for Quarter 2 with Planning Services, Car Parking and the Estates Service all performing well.

A Member sought a more detailed breakdown of the budget for the city centre enhancement work particularly relating to London Inn Square. The Strategic Director (KH) confirmed that negotiations over the final figure were close to the final outturn figure previously reported, and had been updated to reflect the change in Quarter 2. He would contact the Member to provide a more detailed breakdown. A Member also clarified the income relating to the Customs House. The Senior Accountant confirmed that there was no budget, and that the income shown was for rent received.

Scrutiny Committee – Economy noted the report.

(Report circulated)

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

RESOLVED that, under section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3, of Part 1 of Schedule 12A of the Act.

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

The minutes of the Exeter and Heart of Devon Growth Board held on 22 January 2013 were circulated for Members' information. The Strategic Director (KH) referred to the infrastructure and funding challenges for the delivery of the proposed South West Exeter Urban Extension. He suggested that every effort should be made to raise the profile of the Urban Extension development emulating the targeted and driven approach taken to deliver Cranbrook and ensure the best possible outcome for the area. It was suggested that key Members and officers from Exeter City Council and Teignbridge District Council should meet to discuss a unified approach to ensure the necessary investment was identified. They should also consider how to

address the best way to deal with the additional pressures on existing services such as education and transport.

Scrutiny Committee – Economy noted the content of the Exeter and Heart of Devon Growth Board Minutes.

(Report circulated to Members)

The meeting commenced at 5.30 pm and closed at 8.30 pm

Chair