

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY 11 JUNE 2009

ECONOMIC DEVELOPMENT – UPDATE

1.0 PURPOSE OF REPORT

- 1.1 To provide Members with an overview of the Economic Development Service activities during 2008/2009 including actions since September 2008, following the production of the Exeter and Heart of Devon Economic Development Strategy 2008 – 2013.

2.0 BACKGROUND

- 2.1 Exeter's economy lies at the core of the Exeter and Heart of Devon (EHOD) economic sub-region, an area which sits broadly across Exeter, East Devon, Mid Devon and Teignbridge. Exeter's sub-region is recognised as a principal economic driver in the region making it an important part of the South West economy.
- 2.2 In September 2008, Executive endorsed a report setting out the Economic Development Strategy until 2013. Having been produced in collaboration with the neighbouring local authorities, the strategy provides a framework for the economic development activities of the City Council, the wider sub-region and key agencies focussing on promoting and securing the growth of businesses, a better-trained workforce, helping people into work, the availability of employment land and investment in transportation and communications infrastructure.
- 2.3 The Council contributes to the implementation of the Strategy, primarily through the activities of the Economy and Tourism Unit, which seeks to sustain and increase the economic well being of the city working in partnership with key stakeholders in a range of roles, in leadership, facilitation, co-ordination and support.
- 2.4 The Strategy set out the vision for the sub-region as follows: -
- “Exeter and the Heart of Devon Economic Partnership will promote sustainable economic growth allowing the sub-region to take its place as the third largest focus of high value employment in the Region.”
- 2.5 The Strategy also set out a vision for Exeter: -
- “Exeter will continue to grow its highly significant contribution to the economic prosperity of the South West. It will reinforce its position as the focus of economic activity, entertainment, shopping and learning for over 300,000 people living or working within 30 minutes of the city.”
- 2.6 The Strategy has 3 Strategic Objectives, which match those of the Regional Economic Strategy.

To secure successful and competitive businesses – through higher value jobs and improved turnover and investment

To build strong and inclusive communities - by improving access to jobs and services through training and other measures

To become an effective and confident sub-region – through effective partnerships, lobbying and coordinated funding

- 2.7 However, since the publication of the Strategy, there has been a significant deterioration in the UK and global economies with consequent inevitable impact on the more optimistic scenario underlying the Strategy as previously written and not least the timing for achieving its main priorities. The following extract from the 'Regional Economic Profile – Recession Special' Issue 7, April 2009 by the South West RDA sets out the impact of the current global economic crises:

“The UK economy stopped at mid year and collapsed in the early winter. The first quarter of the current year will be negative too – for output and jobs – as firms and households adjust to the marked downturn.

The consensus of global forecasts is that 2009 will be the worst year for the world economy with a combination of falling output and virtually no inflation. In the United Kingdom, the spectre of deflation... has been raised for later this year.

The downturn started in financial services. Construction and anything to do with property...UK economic activity plummeted after October for both production (led by manufacturing) and services (led by retail). At the same time, the labour market started to shrink with more jobs losses, many more redundancy announcements for the future and a fall in vacancies. Many of these changes are now taking effect.”

- 2.8 In addition, the South West RDA in its 'Regional Economic Profile', April 2009 stated: “There are still bright spots. The South West land-based sectors are fairing relatively well, as are some high-tech, pharmaceutical, energy and tourism businesses....nevertheless, we do not expect a significant turn in the economy, especially for employment, until well into 2010.”
- 2.9 As a consequence of the global economic upheaval the EHOD Economic Development Strategy 2008 –2013 is being re-considered to reflect any requirement for a change of emphasis to address immediate needs in the economy and also to confirm the importance of longer - term strategic priorities previously identified. The context for the Strategy is summarised in section 3, whilst section 4 summarises the activities of the City Council under the relevant strategic priorities of the Strategy. The full extent of the impact of the recession on the local economy is still unfolding, and revisions to the Strategy may well be appropriate in the light of the current climate. Any significant changes will be brought back to Members at a future meeting.

3.0 STRATEGIC CONTEXT

- 3.1 The starting point is the work undertaken to produce the Economic Development Strategy 2008 – 2013 as approved by Executive in September 2008. The evidence is necessarily based on a backward looking exercise, having to rely on statistics produced often up to 12 months or more after the event and will not wholly reflect the rapid changes in the global economy. A set of statistics profiling the Exeter economy is attached at Appendix 1. Detailed information on the national and regional economy is not included in this report, albeit Exeter has in previous economic cycles followed the national pattern some months behind. However the following sections summarise the main relevant characteristics and the context for economic development in the sub-region that will continue to have a bearing in the current economic climate.

- 3.2 Small businesses employing less than 10 people dominate the employment structure across EHOD, although the start up rate in the city has been lower than for other comparable areas. Some businesses have been buffeted by exposure to bad debt, restrictions on the availability of credit and a downturn in demand for their services. Less consumption of discretionary goods and services and difficulties in obtaining credit can make these small firms vulnerable very quickly.
- 3.3 Exeter's economy is heavily dependent on a limited number of sectors of employment – public sector, retail and tourism and business and professional services. Constraints and pressures on public sector budgets and reductions in income may see an increased pace towards efficiency savings, reductions in employees and moratoriums on recruitment. In addition, it is possible that we will see a decline in procurement and an increased focus on economies of scale. Conversely, retail and tourism sectors are vulnerable to the vagaries of the market with less consumption possible in the current downturn and the consequent knock on effect of business closures and increasing unemployment.
- 3.4 Whilst Exeter's businesses have hitherto tended to survive better than other areas, national data published by the Insolvency Service on 1 May 2009 shows around 5,000 companies went into liquidation in the first quarter of 2009, up 56% from 12 months ago. As previously reported, increases in insolvent businesses and individuals, tend to follow 6 to 12 months after an economic downturn. With economic difficulties set to continue until a significant upturn is evidenced, the local economy may well see more company liquidations and personal insolvencies. Over the last 12 months, personal insolvencies nationally have risen by around 19%, to nearly 30,000 people, the highest on record since 1960. Exeter CAB also reports a rise in those seeking advice on levels of personal debt.
- 3.5 The claimant count of those in receipt of unemployment benefit has increased markedly in the sub-region, in line with but lower than the national trend; male unemployment is significantly higher and has risen faster than female unemployment, particularly so in Exeter. Within the city unemployment is higher in occupations requiring elementary or no skills, followed by claimants previously working in sales and customer services, skilled trades and administrative and secretarial activities. There has been a rise in unemployment, albeit at a smaller level in managerial, senior officials and associated technical occupations and a marginal increase in the professional sector.
- 3.6 Exeter's GCSE pass rates are around 4.5% lower than elsewhere, however the city has a higher percentage at 30% of people educated to degree level and above than other areas in Devon, the South West and nationally. In the sub-region qualifications at GCSE and above compare well with these wider geographies. However, there are pockets of deprivation experienced by some residents, especially in parts of Exeter, who have particularly low levels of skills, education and training.
- 3.7 A lack of the right skills in the workforce constrains business efficiency and competitiveness, whilst residents with low qualifications or no skills are almost certainly limited to low wage employment and are more exposed to unemployment.
- 3.8 The population of the sub-region is some 450,000 people, with over 120,000 residents in Exeter. Developments in and around the city include the New Growth Point developments east of Exeter including the Science Park and the new community at Cranbrook, whilst responding to housing pressures, are likely to increase the size of the workforce. Forecasts for the sub-region suggest a 25% increase in the retired population, a 5% increase in the workforce but a 2% decrease in young people under 20 by 2016.

- 3.9 The growth in the retirement population is likely to increase demand for health and social care services and create employment in these sectors, albeit principally low waged. Importantly, these population changes may result in an insufficient workforce to sustain long-term business growth. However, increases in productivity could be brought about if employers, for example, make investment to increase the utilisation of information and communication technologies and also if there is a concerted effort to improve the skill levels in the local workforce. This may counter-balance and indeed compensate for any potential decline in the available workforce.
- 3.10 In terms of earnings, it is important to note that around 30% of Exeter's workforce commute into the city and earn higher wages generally than other areas within the sub-region (the median workforce salary for Exeter is £23,500). In general however, along with other areas within the sub-region, earnings are similar to the Devon average, but below that of the South West and nationally. In contrast for Exeter, around 10% of the city's residents earn gross salaries of around £12,700 between £300 and £800 p.a. less than residents of Plymouth and Torbay.
- 3.11 A 12-month period between Quarter 4 2007 and Quarter 4 2008 – the latest data available at the time of this report – highlights that the house price to salary ratio remains a lot higher than the national average, standing at 9:4 for Exeter and 10:5 for the sub-region. It has reduced from previous quarters but is still prohibitively high.
- 3.12 The availability of dwellings is likely to become worse in the short term, which may exacerbate the situation. Whilst, the new community in Cranbrook, east of Exeter and other developments are forecast to create over 18,000 new homes over a 10-year period, nationally, house-building completions fell by 72% last year. Within Exeter, completions in the city fell from 512 in 2007/08 to 414 in 2008/2009. This trend seems likely to continue and if the pace of housing completions across the range of house types continues to slow, it will not only not meet the need for dwellings, it will also impact on the image of the sub-region as one of the best places to live and work.
- 3.13 Employers on the other hand locate and/or remain in Exeter and the sub-region for a range of reasons, not least of which are factors such as access to and cost of labour, the competitive costs of commercial premises, the accessibility and quality of communications infrastructure, and the overall quality of life including cultural activity and the natural landscape. The latter is of particular importance to attracting and retaining a skilled workforce and also for the attraction of visitors to the area.
- 3.14 Amidst this change in the fortunes of the economy, strategic developments may be delayed and opportunities for investment and growth out of the downturn may be missed. Exeter's main prospect of future economic growth, and the attraction of and creation of quality employment, lies east of the city along the New Growth Point corridor towards the airport, component parts being the development of the Science Park, Sky Park and the expansion of activities at the airport. Together with the Innovation Centre, the University of Exeter, the Peninsula College of Medicine and Dentistry and the Met Office, the Science Park provides real foundations for the city's aspirations to be a 'Science City' as described later in the report. However, it is important that the investment required along this corridor, including that of the Science Park does not falter in the current economic climate and delay an opportunity for the city's economy to diversify and embrace a cluster of higher knowledge based industries, where future prosperity and employment are more likely to be sustained. For this reason, the local authorities, other public sector partners and private sector providers are all working collaboratively to maintain the momentum to deliver infrastructure and to secure the start of developments on the site.

- 3.15 Against this backdrop of change and uncertainty, the Economic Development Service within the framework of the Strategy is operating across a wide range of activities to support investment, the creation, survival and growth of businesses, maintaining the positive profile of the city and the development of the workforce. Activities delivered and/or initiated by the Service are summarised in the next section under the Strategy's objectives and priorities relevant to Exeter. A separate report to this Committee relates to measures to mitigate the effects of the recession on the financial position of residents.

4.0 SUMMARY OF ACTIVITIES

- 4.1 The following section summarises the activities delivered and/or initiated by the Service and is set out under each of the agreed strategic objectives and grouped by the strategic priority and broad actions of the Economic Development Strategy 2008-13.

Strategic Objective 1 – To secure successful and competitive businesses - through higher value jobs and improved turnover and investment

Priority - Provide the right environment for business

Action - Continue to provide support and advisory services to small businesses.

- 4.2 The generation of new business is important to the local economy in order to replace those who have ceased trading, to create new or perhaps better employment opportunities and to enable the economy to respond to changing economic circumstances.
- 4.3 As previously reported, early in 2008 the Council transferred delivery of its support to new and small businesses to Peninsula Innovations Limited, the company responsible for the management of the University's Innovation Centre. Subsequently, in June, Exeter Business Support was established adding Business Link to the partnership in order to pull together and co-ordinate such support to city businesses under one banner.
- 4.4 Combining activities has led to the creation of more effective and extensive service delivery in the city and data on the level of support given is summarised in the following table.

Combined activities of Exeter Business Support 2008 – 2009	
401	pre-start businesses advised
169	Businesses started up
83	jobs created – understated as excludes figures from Business Link
188	existing business supported
63	small businesses having staff trained via Train to Gain
41	Workshop sessions held for business advice
17	Networking events for business with nearly 700 participants

Demand for the start-up option in the current climate is likely to see a significant surge driven largely by entrepreneurial skilled workers and professionals backed with redundancy payments. The capacity of Exeter Business Support and Business Link to be able to respond to this demand will be monitored.

- 4.5 Recognising in the current climate that existing small businesses would benefit from a limited number of hours of focused specialist professional advice to deal with financial, marketing and legal issues which would affect their survival, in March 2009 the

Council facilitated a new joint initiative with partners in Exeter Business Support. Over 40 local professional companies have agreed to reduce their normal fees for providing specialist advice by 1/3rd as their contribution to helping small businesses in the city, whilst the Council and the participating businesses each fund half of the remaining cost.

- 4.6 Peninsula Innovations Limited manage the £25,000 funding from the City Council (up to £250 per each small business) to subsidise the scheme. Business Link manage enquiries through their gateway service of business advisors and follow up with aftercare to evaluate the efficacy of support given. It is anticipated that some 100 small businesses may benefit from this initiative.
- 4.7 In March 2009, the Service working through Exeter Business Support facilitated an initial meeting to explore the idea of establishing an Enterprise Forum and involved the Chamber of Commerce & Industry, the Federation of Small Business, Exeter College, Learning and Skills Council and Job Centre Plus in those discussions. The meeting agreed in principle to the formation of an Enterprise Forum the aims of which included:-
- to encourage an increase in the number of small businesses starting up in the city
 - to promote business survival and growth and a rapid response to those businesses needing urgent support by improved collaborative working
 - to expand local business opportunities, including promoting procurement opportunities with the public sector
 - to bring together management information on support given to local businesses and steer any required mitigating action
 - to seek to work with educational institutions to encourage enterprise and early training in business skills.

Further meetings are taking place to progress these “aims”.

- 4.8 As part of this work, the Council is working with Exeter Federation of Small Business and the Chamber of Commerce to determine how best to enable more local small businesses to take advantage of public sector tendering opportunities in the city, especially important during the economic downturn. Small businesses may not be sufficiently aware or equipped to take advantage of such tendering opportunities and thus miss potentially valuable business. Progress with this initiative will be reported at a future meeting.

Action - Continue to provide an appropriate monitoring and ‘aftercare’ relationship with indigenous and investing organisations to help secure their long-term future in the region.

- 4.9 The Service continues to promote investment through handling inward and local investment enquiries about sites and premises and support businesses information and decision-making needs through the provision of information and statistics. High profile and/or substantial employment generating organisations for Exeter receive tailored help and support including the provision of bespoke information and assistance with site visits. More routine enquiries are handled by the provision of information on the City council’s website business pages and are followed up where appropriate.
- 4.10 Throughout the handling of investment enquiries the Service acts as an honest broker of information and intelligence on the local economy, which helps businesses in their relocation and expansion decision-making. Moreover, in the current downturn, the Service has assisted firms in searching for more cost effective premises to help them remain competitive and/or survive. Overall figures for 2008, show there were 1068

investment enquires for EHOD and in the period up to March 2009, a further 220 enquiries were received.

- 4.11 Last year, 58 companies used this service in actually relocating and/or expanding in EHOD, 50 of which were in Exeter. Many of these enquiries originate from 2004 onwards and demonstrate the length of time a business is connected with the Service before being in a position to move or expand. These companies reported just over 1,000 jobs being created and/or safeguarded in the local economy. In the first 3 months of 2009, a further 17 companies (13 of which in Exeter) relocated/expanded, creating/safeguarding over 300 jobs, including a new base for Thompson Reuters.
- 4.12 Around 90% of enquiries in 2008/9 came via the website or linked sites, up from 84% in 2007/8. From the statistics below, it can be seen that the percentage of local businesses seeking alternative premises or expansion has risen by two thirds in the past year, and the percentage of start-up enquiries has also increased. Of these enquiries (with 2007 data in brackets): -
- 58% originate from within EHOD (60%), including 37% from Exeter
 - 8% from Devon (10%)
 - 29% nationally and 4% internationally (25% and less than 4% respectively)
 - 65% existing employers seeking relocation or additional premises for expansion (39%)
 - 31% seeking to establish a branch or regional base within EHOD (25%)
 - 35% wanting to start-up (25%)
- 4.13 The breakdown of enquiries can be summarised as follows: -
- 44% light industrial units, warehouse and distribution sectors (35%)
 - 32% office sector (30%)
 - 12% retail (28%)
 - 10% hotels and leisure and restaurants (5%)
 - 2% investment opportunity/other (2%)
- 4.14 The handling of investment enquiries is complemented by the following, made available through over 200 business pages on the City Council's website updated and maintained by the Service: -
- the EHOD Commercial Property Register provides listings on over 960 commercial properties and development sites with links to over 200 commercial agents covering the sub-region
 - an on-line information guide to the key business pages of particular interest to those businesses seeking to relocate and/or expand within Exeter;
 - a downloadable brochure promoting the sub-region for inward investment
 - relevant information, advice and guidance for businesses and residents adversely affected by recession
 - monthly updates for key private, public and voluntary` sector stakeholders on the state of the Exeter economy
 - regular quarterly economic trends reports that monitor the overall performance of the sub-regional economy circulated to 200 EHOD based organisations in the public, private and voluntary sectors and placed on the Council's website.

Priority - Provide the right workforce for business

Action - Establish the Exeter and Heart of Devon Employment and Skills Board as a driver to ensure matching between employers' needs, target sectors' needs and skills training offered.

- 4.15 A skilled workforce is essential for the local economy to support businesses competitiveness. Importantly appropriate qualifications, skills and training and mentoring support can help local people increase their employability, earning and

career potential and also assist them to change career or effectively establish a small businesses when faced with redundancy. To support such aspirations, the Service worked with leading business to establish the employer led EHOD Employment and Skills Board. Officers also play a very active role in supporting effective delivery of the EHOD Workforce Development Group and also the activities of the Exeter Positive Steps Fund which are described later in the report.

- 4.16 The EHOD Employment and Skills Board (ESB) was established in the summer of 2008. It is private sector led, chaired by a senior employee of Flybe and has representatives from employees in the key sectors within the sub-regional economy and from public sector organisations such as Job Centre Plus, Business Link, the Learning and Skills Council, Exeter College and the University of Exeter.
- 4.17 The ESB aims to stimulate demand for learning and skills and influence mainstream skills and training provision to meet the needs of local business and the workforce. To date the ESB has: -
- completed a pilot project to provide a framework to assist employers and employees link qualifications, training courses and career paths in professional and business service companies, as a mechanism to promote the benefits of appropriate training, to support business efficiency and employee/personal development.
 - undertaken an initial review of the current scale and nature of employer engagement with full-time education. Further work is to be undertaken on this.

Priority - Create a culture of Enterprise and Innovation

Action - Work with the Exeter Science Park Steering Group to establish an appropriate management vehicle for the Science Park, secure planning permission and start development on site

- 4.18 The partners in the Exeter Science Park Steering Group have been working towards establishing the project for some five years in an informal partnership. Following the acquisition of the site, substantial investment committed by the partners and the employment of a Project Manager, the partnership needed to move to a more formal arrangement which has been agreed to be a company limited by shares. It is anticipated this will now be completed by the end of July 2009. The planning application is nearing completion for submission in the next few months. Additional Government funding has been secured to help with the costs of improving access to the site. A project to start marketing the Science Park has just been commissioned.

Action - Ensure incubation units and enterprise centres are placed at strategic points in the sub-region, supported by business advisors and mentors

- 4.19 The Head of Economy and Tourism sits on the Innovation Centre Strategy Board, which governs the direction of business development and support activities arising from the Innovation Centre. The Centre plays a pivotal role in providing support for the development and growth of hi tech businesses, many of which may be future candidates for the Exeter Science Park.
- 4.20 The Innovation Centre consists of Phase 1 and Phase 2 and has room to accommodate more hi tech and research businesses. It works closely with Exeter Business Support, helping to create 33 additional jobs in 2008 and accommodates and supports 22 public and private sector employers. The principal activities of these organisations are in ICT, media, advanced engineering, biomedical and environmental services with a cumulative turnover exceeding £20m and employing nearly 150 staff.
- 4.21 The service supported the University's successful bid in securing £482,600 from the

Economic Challenge Investment Fund scheme from the Higher Education Funding Council for England (HEFCE) enabling the University to invest in the local economy to support businesses and individuals in the region during the economic downturn. Support will be tailored allowing access to the University's Innovation Centre and access to University resources to assist them in the markets they operate in.

- 4.22 In addition, this 18 month project, which started in April 2009, will establish support for a number of initiatives based around the following themes: -
- increasing innovation in businesses, by providing support to establish work placement opportunities for graduates helping them to increase their employability and address business problems
 - providing development opportunities for unemployed graduates to take short courses and train and look for work
 - increasing provision of business school courses to help existing employees fulfil their skills potential

Strategic Objective 2 - To build strong and inclusive communities - by improving access to jobs and services through training and other measures

Priority - Improve participation in the economy

Action - Continue to work with the EHOD Workforce Development Group to develop targeted programmes raising the skills levels of those in deprived areas, especially groups on incapacity benefit and the learning disabled using pilot schemes to assist them and other disadvantaged groups into work.

- 4.23 The EHOD Workforce Development Group is chaired by the City Council and is principally made up of training providers but also includes representatives from Job Centre Plus, Connexions and Devon County Council. The Group relates its activities to the EHOD Economic Development Strategy and is guided in its direction by the Employment and Skills Board. It will also seek to influence providers within the Group to target their activities in the pockets of deprivation within Exeter.
- 4.24 During 2009, the Workforce Development Group has surveyed training providers to understand their current and planned activity to support business and workforce development. Interim results of the survey, which will be reported to the Employment and Skills Board indicate that there is an increased demand for: -
- transferable skills and higher level professional qualifications
 - shorter courses
 - training related to current job performance
 - careers advice and quick intervention – short courses & skills updates - to improve employability and return to work
 - fully funded courses

- 4.25 In response, providers have introduced: -
- courses for those threatened by redundancy
 - additional in-company delivery of training
 - e-learning to help people that have difficulty accessing centres of learning
- The scale of activity and outcomes from these programmes will be monitored and reported at a later date.

Action - Develop targeted actions to tackle deprivation in the most deprived areas within the sub-region, defined by the 'super output areas.'

- 4.26 The Service has worked together with providers and public and voluntary sector agencies to focus attention on some of the most deprived areas in the city with a view to helping people on the 'road into employment. In the current climate of increasing

unemployment across the resident population, job search support is primarily being provided through the mainstream agencies such as Job Centre Plus and the Learning and Skills Council. A Summary of the main programmes of support are attached at Appendix 2. The reality in Exeter is that the nature of more complex employment and education related disadvantage continues to be experienced relatively widely across the city in small concentrations. The city has 14 pockets (super output areas), which feature in the most deprived 20% nationally for low levels of education, skills and training, 7 of which feature in the worst 10% and continue to need additional intervention where resources allow.

- 4.27 The background to activity in these areas and helping people affected by deprivation is underpinned by a report on the performance of the Exeter Positive Steps Fund, given to this Committee in September 2008. The Fund had between 2006 and March 2008 supported over 1,400 people affected by multiple barriers against them securing employment, a significant proportion of which went into employment, into training or voluntary work.
- 4.28 The City Council continued its funding in September 2008 of over £31,000 with co-funding of £40,000 from Friends Provident and a local charitable organisation. The table below summarises a further 6 grants awarded to date from October 2008 onwards and the forecast numbers of people to be supported to help them on the pathway into employment. It is anticipated some of these people will find employment as a consequence of the support given. Progress of these initiatives will be reported at a future meeting.

New Projects funded October 2008 – April 2009	Participant numbers
Provide homeless people with workshops, help and advice on securing employment	40
Provide a 12 month programme of outdoor activities to help people who have had or have problems with drugs	85
Develop an application, interview and review programme for young unemployed people	10
Job Club to support, principally offenders coming out of prison	70
Develop social and interpersonal skills of unemployed people affected by learning disabilities and mental health issues	15
Increase support for refugee women in Exeter who find it difficult to work and integrate into English society	40
Number of people forecast to be supported:	260

- 4.29 In addition to these projects the City Council has: -
- established a Worklessness Group under the banner of the county-wide Local Agreement promoting multiple-agency working to focus on the following 7 pilot pockets of deprivation to help people into employment -
 - o 1 neighbourhood within the Sidwell Street and Clifton Road Area within the Newtown ward
 - o 3 neighbourhoods within Burnthouse Lane Area within Priory
 - o 1 neighbourhood in the Beacon Heath Area within Mincinglake
 - o 1 neighbourhood within the Newman Road Area within Cowick
 - o 1 neighbourhood within the Cathedral and City Centre East Area within St. David's

- secured the agreement of co-funders of the Positive Steps Fund to support projects in the pilot areas
- established a sub-group in St David's which has brought together local and external agencies such as Action 4 Employment, Job Centre Plus and Shaw Trust. Two potential projects are being developed – 'Job Search Club' and Parents – childcare support with skills development training; target outputs have yet to be agreed
- made improvements to networking and avoidance of duplication of effort through the production and distribution of a contact directory of groups and agencies active in addressing worklessness in Exeter
- with partners identified 'local champions' willing to be proactive in local sub-groups within the pilot neighbourhoods
- encouraged local groups to share premises and resources to support worklessness activity, and as a result: -
 - o Job Centre Plus has established a designated Advisor to work in and support the St David's area
 - o Shaw Trust sends a member of staff to support the existing work in St David's to assist homeless people in CV workshops
 - o Flying Start Children Centres, part of Exeter Community Initiatives now have joint sessions with work advisors and childcare advisors to support parents looking for employment.

4.30 The Exeter Positive Steps Worklessness Group is starting to establish two further targeted projects working in Newtown and Priory within the neighbourhoods identified above. Sub-working groups will be formed to develop, implement and complete projects that have defined outputs and outcomes aimed at reducing the level of worklessness in these areas.

Strategic Objective 3 – To become an effective and confident sub-region – through effective partnerships, lobbying and coordinated funding

Priority - Improve Transport Infrastructure

Improve Transport Networks to ensure connectivity, providing access to markets and tackling peripherality

4.31 The City Council has continued lobbying for improvements to the rail and road network through a number of channels but primarily through its involvement in the Exeter and Heart of Devon Economic Partnership and through the New Growth Point Board and its delivery team. This has resulted in recent announcements of major allocations of Government funding for improvements to Junction 29 of the M5 and other infrastructure improvements to road networks to cope with the increased pressure on the collection of important strategic developments to the east of the city.

Priority – Promote and enhance what is best about the sub-region

Action - Improve the way the EHOD is perceived by investors, businesses, potential workers.

4.32 The concept of Exeter being promoted/perceived as a Science City or Science Base was raised as part of the Economic Development Strategy and has been the subject of further discussions with a number of organisations. The University, Peninsula College of Medicine and Dentistry, the Innovation Centre, the Met Office and the Royal Devon and Exeter Hospital Trust are very interested in progressing and making their contribution to aspects of this proposal. In essence the proposal includes the following:-

- o to provide a platform or brand to reinforce the city's changing external perception as a progressive modern place in which to invest, to do or start a business, to undertake or gain access to world class research, to learn in one of the UK's best research universities including its medical and dental college
 - o to build upon the opportunity presented by the development of the science park for business development, creation of quality employment, education and training and to change the external perception of Exeter
 - o to establish Exeter as a gateway to national/international science excellence relevant to its specialisms
 - o to support, enhance and exploit university – business links
 - o to promote an increase in technology transfer by improving awareness of potential partners and possibilities for mutual interaction leading to commercial activity
 - o to strengthen support for business and innovation in the sub region to increase rates of innovation
 - o to facilitate and provide a focus for policy coordination, strengthening partnerships and encouraging new activity
 - o to develop and retain a highly technologically capable workforce
 - o to promote higher levels of interest and attainment in science, technology, engineering and maths subjects in schools and the college and
 - o to promote wider public engagement in science
- Progress with this initiative will be reported to Members at a future meeting.

Priority - Improve leadership, influence and partnership

Action - Ensure planning policies in Local Development Frameworks reflect vision and goals of the economic development strategy.

- 4.33 The future allocation of employment land is crucial to longer term economic development of the city and the sub region. The South West Regional Spatial Strategy (likely to be adopted by the end of June 2009) proposes 160 hectares of employment land in the Exeter area up to 2026. This comprises 40 hectares within the Exeter urban area, 100 hectares adjacent to Exeter (in Exeter and East Devon), and 20 hectares adjoining the city in East Devon.

The 40 hectares within the city are already identified through planning permissions and allocations. A further 65 hectares are committed to the east of the city in East Devon through strategic employment proposals at Skypark and the science park. Around 55 hectares, therefore, remain to be allocated.

In view of constraints and competition for land (particularly housing) the Exeter Core Strategy will propose that around 20 of the remaining 55 hectares can be accommodated within the City (adjoining Exeter Business Park, at Sandy Park (south of the A379) and at Matford. East Devon will make provision for the other 35 hectares.

Following the adoption of the RSS, there will be a further consultation on the Core Strategy to deal with new issues arising from the RSS and government guidance, specifically the increase in housing targets, intention to make strategic allocations and the inclusion of guidance on infrastructure provision. This will be carried out in the Autumn. The Core Strategy for submission to the Secretary of State will then be published at the beginning of 2010 and formal representations invited. Submission and an Examination will follow with adoption by the end of 2010/ beginning of 2011.

5.0 STRATEGY REVIEW

- 5.1 Exeter's economy operates within an increasingly uncertain global economic climate and like other UK cities it competes with, is exposed to the vagaries of the market. The city needs to continue to seek diversification of its economy, build upon its strengths and take advantage of the opportunities it currently has.
- 5.2 The City Council will work closely with key partners across the public, private and voluntary sectors to ensure priority is given to tackling the most immediate needs of the local economy – supporting businesses to start up and grow, sustaining existing business and helping residents most affected by barriers into employment or in need of advice with their personal financial position. At the same time, the Service will continue to make its contribution to driving forward longer term strategic developments particularly the Science Park, whilst progressing the following: -
- developing the foundations for Exeter to promote itself as a 'Science Base'
 - working with the EHOD Employment and Skills Board and others to actively encourage businesses to invest in training their workforce, to improve their competitiveness and take advantage of opportunities when the economy comes out of recession
 - through the Exeter Business Support Enterprise Forum to encourage an increase in new business formation, development of interest in business at an early age, and promoting procurement opportunities with the public sector .
- 5.3 It is considered that the thrust, direction and key projects contained in the Economic Development Strategy as approved should remain although timescales for delivery will undoubtedly be pushed back. The uncertainties are such that despite some hailing of "green shoots" of recovery, the relevance and reality of the Strategy should be reviewed in no longer than 6 months to determine what progress has been made in realising the larger strategic projects and whether the more immediate shorter term measures undertaken by a range of organisations locally and regionally and by the Government nationally, are having the required effect.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The Economic Development Service consists of 4 full-time officers, with the equivalent of an additional 1.5 FTE support given by the Head of Service and marketing staff.
- 6.2 The operating costs of the service to the City Council including employees, premises and support services and budgets for initiatives in 2009/10 are summarised below.

Revenue	
Economy & Tourism Admin including (staffing, operational and support costs)	£530,000
City Marketing	£43,000
Skills Development	£32,000
Exeter Business Support (EBS) for Small Business	£42,000
Food Festival	£15,000
Total	£662,000
Capital	£826,000

7.0 RECOMMENDATION that

- 7.1 Members note the report and that the longer term objectives and more immediate actions be reviewed in no longer than 6 months in view of the continued uncertain economic position facing the city

RICHARD BALL
HEAD OF ECONOMY AND TOURISM

ECONOMY AND DEVELOPMENT DIRECTORATE

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

1. 'Draft Economic Development Strategy 2008 – 2013', Scrutiny Committee – Economy 4 September 2008,
2. 'Regional Economic Profile – Recession Special' Issue 7, April 2009 by the South West RDA
3. 'Economic Review', Issue 15, February 2009, South West RDA